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SOCIETY  
OF INCORPORATED  
ACCOUNTANTS

# Accountancy

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THE SOCIETY OF INCORPORATED ACCOUNTANTS

FEBRUARY 1957



TWO SHILLINGS

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Admission to membership is by examination subject to satisfactory completion of articles of clerkship for five years (university graduates three years.) Six years' approved professional experience may be accepted in lieu of five years' articles. Exemption from the Preliminary Examination is granted on production of certain educational certificates.

Articles may also be integrated with full-time study at certain universities. Under this scheme a specific university degree and the professional qualification can be attained in a total period of 5½ years.

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## Professional Notes

### The Proposed Integration

ON THE NINETEENTH of this month there is to be held at the Royal Festival Hall, London, the special meeting of the Institute of Chartered Accountants in England and Wales to consider the scheme for the integration of the Society of Incorporated Accountants with the Institute. Resolutions will be put to the meeting for the amendment of the Royal Charters and bye-laws of the Institute to give effect to the scheme. A resolution involving an alteration in the Charters requires to be passed by a majority of not less than two-thirds of the members present at the meeting and voting on the resolution or voting at a poll. A poll is to be taken after the special meeting, irrespective of the result of the vote taken by a show of hands.

On the tenth of January a special meeting of the Institute was held to consider a resolution amending the

bye-laws so as to give a longer time for oversea members to return their voting papers, so that by the use of air mail both ways every member would have the opportunity of recording his vote on the integration scheme. The resolution also provided that for the year 1957 the due date for subscription should formally be April 1, thus removing the disenfranchisement under the bye-laws of any member whose subscription is unpaid on February 19, the date of the meeting to consider the integration proposals. These proposals themselves were not before the January meeting, which was very well attended and passed the amendments to the bye-laws.

The Society of Incorporated Accountants is also putting to members a proposal that would have the effect of extending the time that oversea members would have for the return of their voting papers by post, so that every

member would be able to give his vote on the integration proposals. The extraordinary general meeting to consider a resolution for the necessary amendment of the articles of the Society will be held early in March. Notice of the meeting will shortly be given to members. It will be understood that this meeting, like the January meeting of the English Institute, will not consider the integration scheme itself.

Meanwhile, the English Institute has held a large number of informal meetings in England and Wales at which members have discussed the integration proposals, and at which a member of the Council has been present to explain points of difficulty and to answer questions. The meetings are under the auspices of the district societies and when a few remaining meetings have been held early in February, members in all parts of the country will have had the opportunity of attending. The Society is planning to hold similar meetings under the auspices of its district societies in March and April.

#### Insurance against Professional Risks

ON SEVERAL OCCASIONS we have discussed in these columns the extent of an accountant's liability for professional negligence. An accountant is, of course, also liable for fraud or the conversion of money by himself or his servants. The recent case of *West Wake Price & Co. v. Ching* [1957] 1 W.L.R. 45 has emphasised the risk involved in not insuring fully against both possible types of liability. Between 1945 and 1952 a clerk in the employment of the firm of accountants concerned received and paid out moneys for two of the firm's clients; at the end of that time it was discovered that the clerk had received some £20,000 which could not be accounted for. Eventually the clients issued writs against the accountants, claiming the money on three grounds (a) as damages for negligence in failing to keep proper books, conduct annual audits and supervise their clerk adequately; (b) as moneys had and received by the accountants for the use of their clients; (c) as moneys converted by their servant to their use. There was no allegation of any

personal dishonesty against any of the partners.

The accountants had a policy of insurance with Lloyd's underwriters under which the underwriters agreed to indemnify the assured against "loss for any claim or claims . . . in respect of any act of neglect, default or error on the part of the assured . . . or their servants in the conduct of their business as accountants." There was a further clause, often known as a "Queen's Counsel clause," under which the underwriters agreed to pay any claim within the policy without requiring the assured to dispute it unless a Queen's Counsel, agreed by both sides, advised that the claim could be successfully contested and the assured consented to the claim being contested, such consent not to be unreasonably withheld.

Before the actions by the clients were tried, and thus before it was established whether their allegations or any of them were true, the accountants brought this action against the underwriters, contending that there was a claim within the policy and

that they were entitled to the benefit of the "Queen's Counsel clause." Now it is well established that a policy of this kind is an "indemnity policy" covering, broadly speaking, loss arising through negligence: it is not a "fidelity policy" covering loss through fraud. Therefore, if the clients had based their action solely on negligence the claim would have been within the policy, but the policy would not cover a claim based solely on fraud. The question was whether or not the accountants were insured against a claim based both on negligence and on fraud.

As has already been said, the clients' action had not yet been tried, and Mr. Justice Devlin was not in a position to say whether or not the allegations were true; he could consider only the real nature of the claim, and he came to the conclusion that the claim was based primarily upon the dishonesty of the clerk. The learned Judge then said that if the indemnity clause in the policy was to be construed alone, the test was whether negligence or dishonesty was the proximate cause



THE RT. HON. ERNEST MARPLES, P.C., M.P., A.S.A.A.,  
POSTMASTER-GENERAL

*Photo by Vivienne*

of the loss. He went on to consider the effect of the "Queen's Counsel clause" and he held that to come within this clause a claim must be based solely on negligence. He therefore dismissed the accountants' action against the underwriters.

#### The New Postmaster-General

IT IS WITH particular pleasure that we extend our congratulations to The Rt. Hon. Ernest Marples, P.C., M.P., A.S.A.A., upon his appointment as Postmaster-General.

Mr. Marples was Parliamentary Secretary to the Ministry of Housing and Local Government from 1951 to 1954, when he became Parliamentary Secretary to the Ministry of Pensions and National Insurance. In December, 1955, he resigned his appointment. At the Ministry of Housing he was an energetic assistant to the present Prime Minister in achieving and passing the annual total of 300,000 new houses that the Government had set itself to build.

Mr. Marples is 49 years of age and from working-class origins has by hard work made his own way in life. After leaving Stretford Grammar School he qualified as a member of the Society of Incorporated Accountants in 1930. He worked for a year or two with a firm of accountants in the City of London, and then set up in business on his own, eventually becoming managing director of a large civil engineering and building company.

Before the outbreak of World War II Mr. Marples, again starting from the bottom, joined the London Scottish as a private in the Territorials. During the war he soon became regimental sergeant-major of his unit and later he was commissioned into the Royal Artillery. He left the service with the honorary rank of Captain.

He won the seat at Wallasey at the general election of 1945 and quickly developed a parliamentary interest in housing, writing the influential pamphlet on the subject issued by the Conservative party.

Mr. Marples's energies are not absorbed entirely in work, despite his overfull schedule of parliamentary and business activities. When he was

called to No. 10, Downing Street, last month just before his appointment, he was in St. Moritz putting the same zest into winter sports that he put into building houses with Mr. Macmillan, and organising the Anglo-Swiss Parliamentary ski championships, in which only his call to No. 10 prevented him from taking part. He was the first Englishman to climb the Matterhorn after the war. For many years he took part in serious wrestling, he still plays squash and lawn tennis, and he was in the Dulwich Hamlet football team.

#### New Year Honours

WE HAVE PLEASURE in congratulating a number of members of the Society of Incorporated Accountants whose names appear in the New Year Honours List.

Mr. D. F. Herring, A.S.A.A., Assistant Secretary in the Ministry of Pensions and National Insurance, and Mr. C. H. Pollard, O.B.E., F.S.A.A., F.I.M.T.A., City Treasurer of Kingston-upon-Hull, are made Commanders of the Order of the British Empire.

New Officers of the same Order are Mr. H. P. Dunkley, A.S.A.A., Regional Finance Officer, Ministry of Pensions and National Service, and Mr. H. W. Long, F.S.A.A., formerly senior resident partner in Messrs. Cassleton Elliott & Co., Nigeria.

The honour of M.B.E. is conferred on Miss D. M. Hamilton, A.S.A.A., an accountant in the Public Trustee Office; Mr. W. J. Kilner, A.S.A.A., senior accountant in the Board of Trade; and Mr. S. H. Sheriff, A.S.A.A., lately senior accountant in the Admiralty.

Our congratulations are extended also to other members of the profession who have been honoured. Sir Archibald Forbes, C.A., Chairman of the Iron and Steel Board, becomes a Knight Grand Cross of the Order of the British Empire. Mr. G. I. Stewart, M.C., C.A., President of the Institute of Chartered Accountants of Scotland, and Mr. F. G. Selly, A.C.A., Commissioner of Income Tax, Nigeria, are awarded the C.B.E. The O.B.E. is conferred on Mr. P. E. Green, A.C.A., director and accountant of H. J. Green & Co. Ltd., Hove, and the M.B.E. on Mr. J. M. Adams, A.C.A., a partner in Messrs. L. Adams & Co., Mexico City.

#### Some Rate Relief for Businesses

THE PROTESTS OF businessmen and traders against the enlarged rating valuations of last year are a little blunted by the proposal to reduce the valuations on commercial premises by one-fifth, but still have a cutting edge. After the abatement of the one-fifth, the valuations will still be much higher than they were in the old lists. And, at least until the revaluation of houses and flats on current rental values, proposed to take place in 1961, commercial premises still suffer in comparison with domestic.

By the Rating and Valuation Bill, which provides for the one-fifth abatement, if the commercial premises are partly used as private dwellings the abatement is to be one-seventh instead, to allow for the reduction in gross value of the hereditament made by virtue of the Valuation for Rating Act of 1953. The abatements will be effective for rates for 1957/58.

#### Capital Requirements of Local Authorities

THE CAPITAL ESTIMATES of most local authorities will probably take on a new look for 1957/58. Only essential schemes can be contemplated in the existing financial circumstances: there is little likelihood of loan sanctions being granted for much capital expenditure other than a restricted amount on housing (including slum clearance), education, town planning and highways. An authority will normally have a long-term capital programme and from it will select a priority list of projects, leaving the Finance Committee to recommend which of them should go forward. The committee will consider the utilisation of revenue balances and capital funds, so as to reduce to a minimum the dependence upon loans. Internal borrowing (for example, from superannuation funds) is not likely to help very much, since loan consent must still be obtained. Financial officers will resist the inclusion in capital estimates of large

schemes for which it is pretty certain that loan sanction will be refused, since to include them would be to inflate the charge in revenue estimates.

There is at present no clear direction from the Public Works Loan Board about how much authorities can borrow from the central funds; the decision of the Board has to be awaited on each application. Presumably because it is more difficult for them to borrow at relatively favourable rates on the market, the small authorities appear to be more favoured by the Board than the larger. In order to obtain finance from the Board at what is now the low rate of 5½ per cent., however, the authorities have to borrow for a period of not more than five years, and they are not permitted to re-borrow from the Board at the expiry of the loan. The Treasury is intent to limit the volume of short term loans.

It would assist the smaller authorities if the Board would lend on a maturity basis instead of insisting on repayment by the annuity or fixed instalment method. These authorities could then put their capital liabilities on a more flexible basis, and their treasurers could exercise skill in taking advantage of changes in market conditions. The larger authorities, with Consolidated Loans Funds and mortgage pools, are better placed to vary their means of borrowing to suit current conditions.

#### **Less Arbitration, More Litigation, on Insurance**

ARBITRATION HAS BEEN common in insurance. Insurers have commonly invoked the arbitration clause in policies, rather than to allow a case to go to open court, largely because if they decided to repudiate liability, perhaps (at least ostensibly) on a technical point, they could then do so without publicity.

An important change is now being made. There will now be much less resort to arbitration. The members of the British Insurance Association and of Lloyd's have announced that even when a policy contains an arbitration clause they will in future allow the insured to have questions of liability, as opposed to questions

of the amount of the claim, to be determined by the courts. The undertaking applies to all insurances made in the United Kingdom, except for those covering marine, aviation or credit risks, reinsurance and contracts specially negotiated.

This waiver should mean that, faced with the publicity of a possible law case, insurers will be less disposed to escape liability on a technicality—for example, a mis-statement of a not very material kind on a proposal form—even when they may have other reasons for withholding payment, reasons that for lack of convincing evidence they are not able to make explicit. At the same time, it is clearly to the good that disputes about the amounts payable for losses should still be sent to arbitration, since laymen and lay procedures are better able to determine such factual issues than are lawyers and courts of law.

#### **American Railroad Accounting Under Fire**

THE AMERICAN Institute of Accountants is studying the reform of some features of American railroad accounting which, it is argued, result in misleading income statements. The study has been undertaken at the request of the New York Stock Exchange.

American railroad accounting methods are prescribed by the Inter-State Commerce Commission, which supports the study of possible revisions. Both the method of assessing net income and the audit requirements differ from those generally adopted by American commercial corporations.

Criticism of present methods is reported to be directed to three main points, two relating to the treatment of tax liabilities and one to depreciation.

Like other large corporations, American railroads have incurred heavy expenditure on what are known as "defence facilities" which under American tax law rank for "fast amortisation," allowing the cost to be written-off for tax purposes in five years instead of the normal twenty or thirty years. The railroads bring to account, currently, the reduced tax

liability resulting from rapid write-off of the expenditure, but provide only for normal depreciation on the cost of the facilities. Contrary to general American practice, nothing is set aside to allow for the fact that the large tax allowances will cease long before the cost of the facilities has been fully written-off in the accounts. If the examples quoted in a recent issue of the *Wall Street Journal* are typical, the resulting over-statement of earnings is very large—from 25 to 70 per cent.

Another criticism concerns the treatment of tax adjustments for earlier years, which, it is said, the railroads bring into current income statements, often without explanation.

The point about depreciation relates to the treatment of track renewals. The railroad practice is to charge renewal expenditure to revenue as incurred, whereas the reformers claim that the cost of the new track installed should be capitalised and depreciated over a term of years. This, they argue, will produce a more even (and, presumably, more adequate) revenue charge than the present method, which has the further disadvantage that net income rises and falls with variations in the renewal programme, so that published earnings can be materially enhanced by low renewal expenditure.

The practice of charging renewals to revenue in preference to the capitalisation and subsequent depreciation of new track installed is common among established railways and is perfectly sound, provided that steps are taken to see that by the operation of suitable reserves an adequate annual charge is made to revenue each year. The reported complaints imply that some, at least, of the American railroads may have neglected this important proviso.

If the proposed reforms are adopted, the reported income of some American railroads may be significantly reduced, leading to an increase in rail charges. This is not likely to be popular, but if, in fact, wrong accounting is holding charges at an uneconomic level an increase would seem to be not only justifiable, but essential.

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### Tax Representations

RESTORATION OF THE investment allowance seems to be one of the steps that business would most like to see taken in Mr. Thorneycroft's first Budget. Both the Association of British Chambers of Commerce and the National Union of Manufacturers urge upon him this encouragement of re-equipment in industry, the National Union suggesting a minimum rate of 40 per cent.

The Association asks also that the earned income relief should be raised and that personal and earned income allowances should be made effective for surtax, suggesting an increase to £3,000 a year in the present starting point for surtax.

Encouragement of business saving is called for, the Association maintains, and should be provided by allowing valuations of stock in trade on a basis "appropriate to their trade" (including L.I.F.O. and the base stock method); by deeming director-controlled companies to have distributed only a reasonable part of their profits for surtax purposes; by converting profits tax into a flat rate tax; and by valuing interests in family businesses on earnings and not on assets for estate duty. The National Union asks for an inquiry into estate duty, to examine particularly the impact on family businesses. Both bodies argue against an increase in taxation.

### Pioneer Associations of Accountants

#### 5—France

ACCOUNTANCY IN FRANCE during the early part of this century was a humdrum trade rather than a profession, open to anyone with a smattering of financial knowledge and an acquaintance with the principles of double-entry bookkeeping. A man could set up as an *expert comptable* without training, qualification or experience, in much the same way as a tobacconist or grocer. And at that time the whole of commerce was looked down upon by educated Frenchmen as a pursuit only suitable for those of inferior social standing.

However, by 1905, a remarkable change had come about. Not only were schools of commerce flourishing but young men from good families,

who would normally have entered the liberal professions, were seeking careers in commercial offices. This trend favoured the nascent accountancy profession, and created a climate in which, however slowly and hesitantly, it could develop.

Though some groupings of accountants were already in existence, they seem to have had the character of mutual benefit societies and not of professional associations. Only one, a body known as the *Société Académique de Comptabilité*, held examinations and awarded diplomas to successful entrants. Founded in 1881, this society made a little headway, but was hampered by lack of funds, and by indifference on the part of the business community. Members enjoyed no privileges and the diploma was not officially recognised.

At the *fin de siècle*, auditors of public and private companies were still being chosen on the test, bound to be a rough and ready one, of practical experience. The French Courts employed men known as *syndics de faillites* on bankruptcies and liquidations. As specialists in such work they acquired not only considerable skill but a quasi-public status. Their task was to examine and report upon disputed accounts that had given rise to legal proceedings. Though regarded as *experts comptables* they were not required to pass any examination before being entered on the list officially maintained by the magistrates.

Forty years later, on the eve of the second World War, the profession had still not placed itself on solid foundations. Only in 1942 do we hear of the *Ordre National des Experts Comptables et des Comptables Agréés*, now the leading and officially recognised body of French accountants. After the liberation of the country in 1945, the rules and regulations of the *Ordre* as to examinations, membership, and administration, were completely revised. Its objects, briefly stated, were to "defend the honour, and the independence, of the profession" it represented.

The following definitions may be noted: an *expert comptable* is one who in his own name and on his own responsibility engages professionally

in the drawing up, the auditing, interpretation, and correction of accounts of all kinds. The *comptable agréé* is one who in his own name and on his own responsibility engages professionally in the keeping, ordering, opening, checking, and supervision of accounts of all kinds. There are, in fact, two classes of members, but both are subject to a quite stringent disciplinary code.

### Shorter Notes

#### Transport in Ceylon and Singapore

Mr. L. C. Hawkins, F.S.A.A., is visiting Ceylon to assist in setting up a public authority for the omnibus services. He will advise on the constitution and organisation of the authority and on the re-planning of routes and other technical questions. Mr. Hawkins will then go on to Singapore to advise the Singapore Government on bringing into effect the unification of the passenger transport system. This was recommended last year by the Commission of Inquiry, of which Mr. Hawkins was chairman (see ACCOUNTANCY, May, 1956, page 164). Mr. Hawkins is a full-time member of the London Transport Executive, and a council member of the Society of Incorporated Accountants.

#### One Institute for Management

The British Institute of Management and the Institute of Industrial Management are to be merged in April, according to plans soon to be put to extraordinary general meetings. In recent years the two bodies have worked in close association, the I.I.A. having acted as the "professional wing" of the B.I.M. The integrated body is to be called The British Institute of Management.

#### Delayed Delivery Bonds

Part of the \$100 million of 4½ per cent. twenty-year bonds offered in the United States last month by the International Bank for Reconstruction and Development takes on the novel feature of delayed delivery. Deliveries against certain of the sales of bonds to institutional investors, made at the offer price of par plus accrued interest, will be effected in instalments on one or more quarterly dates from April 1, 1957, to October 1, 1959. A commitment fee of ¼ per cent. a year for the period from January 22 to the date of delivery will be paid by the Bank to purchasers under delayed delivery contracts. These institutional investors can thus arrange their pur-

chases of the new issue in the light of their projected cash positions and the Bank can more easily dovetail its borrowings with its disbursements.

#### **The Solicitors' Journal**

Congratulations to the *Solicitors' Journal*, which has just celebrated its centenary. It was founded by a group of solicitors who in 1856 established a limited company for the purpose—believed to be the first limited company to publish a periodical. Since 1920 the journal has been published by the *Solicitors' Law Stationery Society*, which is owned and directed by solicitors. The journal, the only weekly paper published solely for solicitors, with much success continues to uphold the objectives which it has had before it for so long, stated in a handsome centenary issue as "to inform and, where necessary, to reform" and "to safeguard the legitimate interests of the solicitors' profession."

**Electronic Accounting in British Railways**  
An electronic installation has been successfully working for British Railways in the Regional Accountant's Coal Audit Office at Peterborough. The office serves the Eastern and North Eastern Regions, and monthly accounts sent to traders represent an annual revenue of £55 million from carriage of 75 million tons of fuel between 35,000 pairs of points. The vast number of simple calculations involved are performed by a Hollerith electronic multiplier and other new equipment. Daily charging spreads the work evenly; substantial economies are being obtained; and valuable additional statistics are made available.

#### **Capital Issues in 1956**

The total of capital issues was smaller last year than in any year since 1951, according to statistics compiled by the Midland Bank. Excluding borrowings by the Government, the total was £296.0 million, compared with £567.2 million in 1955. The complete cessation, in accordance with Government policy, of market borrowing by nationalised industries more than accounts for the fall in the total of new issues last year: in 1956 the Boards floated no new issues, but in 1955 they raised £297 million. In contrast, against the small figure of £9 million borrowed in the market by local authorities in 1955, they last year raised £54 million.

#### **The Up-to-date Economic Bradshaw**

The Association of British Chambers of Commerce is co-operating with the Government to help make economic

statistics as complete and up-to-date as possible, appreciating that such information is necessary if economic decisions are to be properly made. However, it has secured from the Government assurances that the data to be collected will as far as possible be in line with what is readily available from the existing records of a business; that information that is not available in the normal course of business will be sought only if essential; that trade associations will be consulted when a statistical inquiry is put in hand; that new statistical information to be sought will be only what is essential to give up-to-date knowledge of the economic situation; and that the results will be published without delays, so that industry and commerce can be as well-informed as the Government.

#### **Restrictive Practices**

In our issue of last October (page 385) we noted the issue by the Federation of British Industries of a comprehensive guide for businessmen under the title *Restrictive Trade Practices Act, 1956*. A revised and enlarged edition of the booklet is now published. Additions take into account regulations made by the Registrar, the Registrars' guide to registration and the official leaflet on export agreements. The timetable for registration is given and also a list of documents on the Act and on the Monopolies Commission. The guide, obtainable from the Federation at 21 Tothill Street, London, S.W.1, at 4s. net, is a complete and thorough survey in 64 pages of what is quickly becoming a complex area of new law.

#### **Circulation Certificates**

Many technical and trade publications, as distinct from newspapers and general magazines, do not issue authentic circulation statistics, says the Institute of Practitioners in Advertising. Figures that are made available are of varying quality—they range from accountants' certificates recorded by the Audit Bureau of Circulation, at the one extreme, to publishers' statements that are gross exaggerations, at the other extreme. Well under 10 per cent. of technical and trade publications issue A.B.C. certificates, but many others now provide accountants' certificates and, says the Institute, "it is a step in the right direction to get any certificate audited by a firm of qualified accountants, provided only that the right questions are answered and the information supplied is adequate." (ACCOUNTANCY is a member of the A.B.C., which issues full audited figures of our circulation.)

#### **Do Yourself as You Teach Others**

A seventy-one year old man was fined £3,500 with £500 costs at Lewes recently for evasion of income tax and surtax amounting to more than £12,000. He had run single-handed a successful correspondence course in book-keeping and accountancy at Brighton and Seaford, said prosecuting counsel, but when it came to keeping his own accounts he had only a cash book in which he omitted to enter most of the receipts.

#### **Accountancy among the Cypriots**

Accountancy, rather surprisingly, attracts young men in the troubled island of Cyprus. When an offer of scholarships in the United Kingdom was recently made by the Government of Cyprus, of the 150 or so applicants 47 wanted to take courses in accountancy, by far the most popular subject. The scholarships are designed "to help the development of the economic and cultural life of the island." How many scholarships will be awarded in total, and how many in accountancy, is not yet known.

#### **Black, White and Off-white**

One indictment and two acquittals, one slightly conditional—such is the score on three inquiries reported by the Monopolies Commission last month. The British Oxygen Company is found to charge prices for oxygen and dissolved acetylene that are too high because of excessive profits (though not because of excessive costs). The tea industry is pronounced keenly competitive and nothing in the practices of the trade association or main producer in the metal window industry operates against the public interest, except the selective reduction of prices by the association to defeat outside competition. In its defence the British Oxygen Company argued that finance for capital extensions must partly come from reserves, but the Commission does not agree that "a monopoly should take advantage of its position to charge current consumers with the cost of its future expansion as distinct from replacement."

#### **National Insurance Contributions by Articled Clerks**

Hitherto unpaid articled clerks electing to pay contributions to National Insurance in the non-employed class for their period of articled clerkship could remain entitled to benefit if the contributions were paid within four years after the contribution year in which the period expired. The limit of four years has now been extended to six years.

# EDITORIAL

## The Expansive Economy

If in one sense the new Government is no more than the old one refurbished, in another sense its formation could mark a turning-point in policy—not necessarily in foreign affairs, but certainly in economic affairs. There might be an opportunity, indeed, of injecting a new dynamic into what had become a somewhat flaccid approach to the economic problems that beset us. The indications are that the very pressure of these problems will soon demand decisiveness.

The immediate problem of closing at the earliest possible moment the yawning gap in fuel supplies naturally dominates the economic scene at present, but there are other issues of more lasting significance. Essentially, these other questions all reduce to asking whether and in what manner and how soon the British economy can be turned into an expansive one, instead of being the stationary economy that, in effect, it has been for the last year and a half.

The main reason why economically we have been marking time since about the middle of 1955 is that financial, fiscal and monetary policies have all had to be directed towards lopping-off the excess demand on our resources. And the excess demand could not be lopped-off without a loss of production. It is true, certainly, that there has been no actual fall in output in Britain during the last eighteen months or so, compared with the previous year. The index of industrial production has remained pretty stable. There has been a very real sacrifice of output, nevertheless. For the potential of industry has advanced quite spectacularly during the last two or three years; capital investment in new buildings, plant and machinery has expanded industrial capacity, and the new capacity has been technologically much in advance of what existed before. It is probable that if the economy had been working to its limit in 1956 it would have produced at least £500 million more in commodities and services than in fact it produced. That £500 million is the cost of fighting the inflation last year. The new physical limit of output in 1957 is probably in advance of the limit in 1956 by as much again. In other words, if we have to continue unabated the fight against inflation this year, we shall sacrifice not only a further £500 million, but something of the order of twice as much.

Perhaps the most important of the decisions that the new Government will have to make is thus the timing of the relaxing of the various disinflationary measures. Leave these measures in force too long and they will exact their toll in an unnecessary loss of production. Remove them too soon, and the inflation will quickly reassert itself. There are many complicating factors that make it more than ordinarily difficult to decide that the moment has arrived when disinflation has passed into a needless deflation. The consequences of the events around

Suez are among these factors; it is not yet safe to say whether the consequences are on balance inflationary or the reverse. Another factor the effects of which cannot be assessed with any confidence is the strength of the wage inflation. There is the further difficulty that all the measures do not necessarily have to be removed at the same time. It might well be that Bank Rate could be lowered before there could be any relaxation in any other direction—before the banks could be allowed to stop “squeezing” their advances, controls on hire purchases could be eased, the exemption limit of the Capital Issues Committee raised, the investment allowance restored, and so on. But, to complicate the matter still further, if the level of Bank Rate has as little effect upon the volume of capital investment as many now maintain that it has, then a lowering of it would not be very significant.

The possible re-emergence of inflation is not the only hazard. When production expands, imports expand with it—and, especially since industry will have to re-stock with materials that have been allowed to run down, the expansion of imports is likely to be rapid and pronounced. The recovery of production is calculated, that is to say, to throw a heavy weight into the debit side of the balance of payments. Certainly until the speculative onslaught against sterling, which caused so great a drain on our gold and dollar reserves towards the end of last year, is manifestly at an end, the additional cost of imports could hardly be faced. Even then, some loss of the reserves might have to be borne—but with the risk that the speculation against the pound might be revived if the loss of the reserves were sustained, and that another speculative attack would aggravate the loss itself.

There are other ways in which Governmental policy will determine how expansive the British economy will be, and how soon it will become expansive. In a fortnight or so, discussions open with the “common market” countries of Europe, to decide whether there should be a European free trade area with Britain as a member. There is now fairly general agreement in the country that the creation of the area, and our accession to it, would be a potent stimulus towards economic expansion. Again, the Government seems to be ready for a determined drive to build nuclear power stations more quickly and in larger numbers. It is certainly looking for large savings in expenditure on defence. The form of the Budget will help to shape the British economy. In these and many other ways the decisions of Mr. Macmillan's administration in coming months will be of prime importance. But it is in deciding when and in what degree to relax the disinflation—a decision with which the form of the Budget is intimately linked—that, in the shortest term, the Government can settle whether or not output shall expand.

In the first part of this article, published in our January issue (pages 15-18) the super-profit method of valuing businesses was described and some ambiguities in it were discussed. The significance of the idea of super-profit was examined. A distinction was drawn between the intangible assets in the wider sense and true "goodwill." In this concluding instalment of the article, that distinction is further considered and in the light of his whole discussion, our contributor then throws doubt on the validity of the super-profit method.

## The Super-Profit Method—II

by H. C. Edey, Reader in Accounting at the London School of Economics and Political Science

### Goodwill Proper

IT FOLLOWS FROM the definition of super-profit that its size will reflect the benefits of any business advantage, whether or not described as an "asset", the annual value of which to the business is not fully included in the "normal profit" obtained by applying the appropriate competitive rate of return to the value allotted to the tangible assets. One such advantage may be the existence of goodwill in the narrower sense—"goodwill proper"—which I have not yet discussed. Goodwill proper is another word for organisation. Its value is derived from the additional profit (or, in the case of a non-profit-making body, the reduced costs) that a going concern may enjoy, as compared with a new one, from (a) established relations in all the markets in which it is accustomed to deal—not only, be it noted, in its sales markets, but also in the markets for all the goods and services it buys, including the labour market, the markets in which it buys its raw materials, the market for finance (which includes its bank manager), and so on; (b) established relations with government departments and other non-commercial bodies with which it has negotiations; and (c) the personal relationships that grow up among people working together in a business, and the fund of knowledge and the habits that are built up, all of which will in favourable circumstances make for smoother and more effective working than could be expected in a new business. These things are not separable from the business in the same way as plant and machinery or patents or secret technical knowledge or (in some circumstances) trade-marks are separable, though even goodwill proper may be saleable separately in the sense that viable parts may be hived off a going concern.

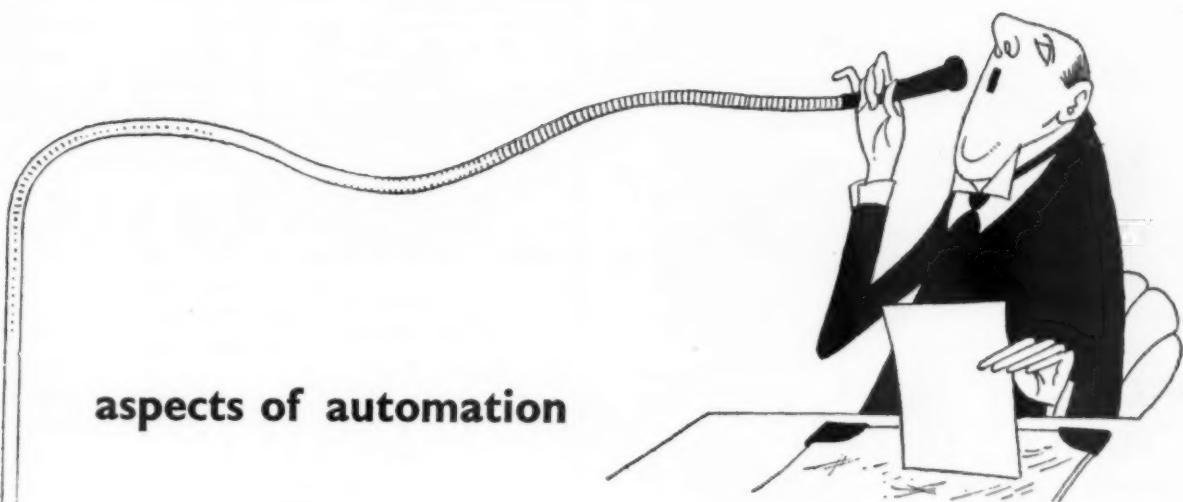
There is no reason in general why advantages of the kind in question should not persist indefinitely provided the business is well run. One must, indeed, assume that the advantages that produce super-profit and the cost of

maintaining these advantages have both been taken into account in the estimation of net maintainable profit, just as much as have the tangible assets and the cost of maintaining *them*. If, for example, the estimated future revenue took into account connections in the selling market that depended upon the continuation of a certain advertising policy, the appropriate outlay on advertising would also be taken into account. I emphasise this because it has been said that goodwill is a wasting asset. Certain components of the intangible assets may be wasting by their nature—for example, an advantage due to temporary lack of competition—and this point is discussed below; but the enjoyment of goodwill proper and of many intangible assets may be susceptible of preservation by appropriate "maintenance expenditure," in the same way as the value of a tangible asset may be preserved.

The profits of a business may be depressed by bad management, and negative goodwill or "badwill" might result. Presumably, however, a valuation would take into account appropriate management changes. (This factor might be important to a take-over bidder who was deciding what was his maximum offer price). Permanent depression of the profit below the competitive return on the value of the saleable assets and beyond the control of the management is another question, the implication of which is mentioned below, at the beginning of the section "The Case against the Super-Profit Method."

### Temporary Advantages

I wish now to consider a question that arises if a business controls resources or in some way enjoys advantages that in the longer run may not be available, or may only be available at a higher price than when the valuation is made. This situation may arise with the direct capitalisation method too, but I think it ought to be considered here because of the emphasis that is sometimes laid on



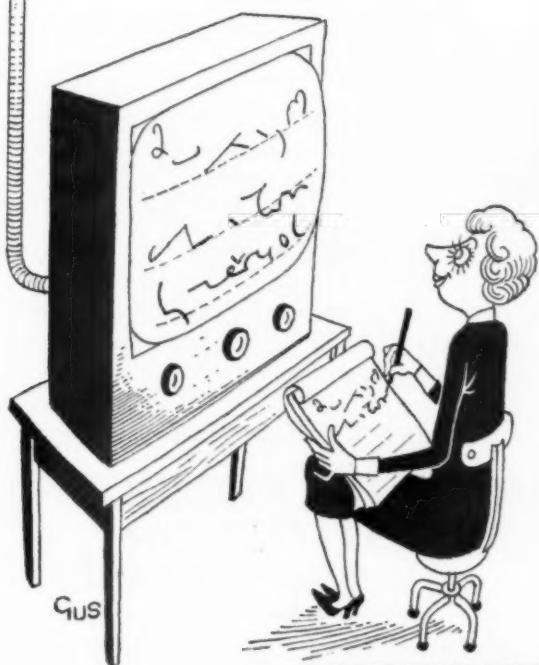
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short-run advantages when the super-profit method is discussed.

Suppose that there are profitable advantages that are expected to disappear in the longer run, such as the use of men or property in return for a payment below what they will be able to demand in the longer term (for example, when the contract under which the services were enjoyed terminates) or the temporary enjoyment of absence of competition. The logic of the situation seems to require that the "net maintainable profit" should exclude the estimated profit derived from these advantages. In my first numerical example in the first part of this article (ACCOUNTANCY, January, 1957, page 17), the tangible asset valuation was 1,000, the net maintainable profit was 120, and the capitalisation rate was 10 per cent. per annum (£ signs are being omitted throughout). These figures gave a super-profit of 20 which, capitalised at 10 per cent. per annum, gave the intangible assets a value of 200:

$$\begin{aligned} V &= 1,000 + \frac{120 - .1 \times 1,000}{.1} \\ &= 1,000 + \frac{20}{.1} \\ &= 1,000 + 200 \\ &= 1,200 \end{aligned}$$

where, as before,  $V$  is the value of the business.

Now suppose instead that after six years the total profit was expected to fall from 120 to 115 because the lease of the premises occupied by the business would then have expired and the competitive rental that would then have to be paid would be 5 higher than at present. The longer term super-profit of 115 should presumably be capitalised separately from the 5, which will be received for only six years. The valuation would presumably then be given by:

$$\begin{aligned} V &= 1,000 + \frac{115 - .1 \times 1,000}{.1} + \left( 5 \times \frac{1 - \frac{1}{(1.1)^6}}{.1} \right) \\ &= 1,000 + 150 + 22 \\ &= 172 \end{aligned}$$

the term in large brackets being the present value of a terminable 6-year annuity of 5 per annum.

The same problem would have arisen had the direct capitalisation of net profit method been used. It would have been appropriate, in principle at least, to capitalise separately (a) the net maintainable profit of 115, and (b) the 6-year annuity of 5, thus:

$$\begin{aligned} V &= \frac{115}{.1} + \left( 5 \times \frac{1 - \frac{1}{(1.1)^6}}{.1} \right) \\ &= 1,150 + 22 \\ &= 1,172 \end{aligned}$$

In practice, however, the profit estimate and the capitalisation rate are so beset by uncertainties that it is very doubtful whether such a refinement has much significance unless the expected excess of profit in the short run over profit in the longer run is relatively large. (The same remark applies to the opposite case where

longer run profit exceeds short run profit, so that theoretical consistency requires the deduction of the present value of the temporary shortfall from a valuation based on the higher longer term maintainable figure. On this point, see also the next footnote.)

#### The Case against the Super-Profit Method

I have already suggested that the super-profit method is not clearly defined and that it can be misleading. In particular, its determination of the value of the intangible assets will vary with different interpretations of the value of the tangible assets. Has the method any advantages over the simpler method of direct capitalisation of net maintainable profit (or of net maintainable dividend)?\*

The first claim for the super-profit method might be that in certain circumstances it may draw attention, through the emergence of a negative value for the intangible assets, to the fact that it would pay to sell the tangible assets and close down the business, the value of which is given by the value of the tangible assets. As we have seen, however, the super-profit method as applied in practice certainly will not always do this because the tangible asset valuation is not always a true saleable value approximation. Nor will even the saleable value of the tangible assets necessarily give the correct value. If such assets as patents are included in the intangible assets, the true break-up value may well be in excess of the value of those assets that have been treated as tangible: a negative goodwill (in the narrower sense) due to bad management or some other cause could conceal a positive value of patents and other so-called intangible but saleable assets. Furthermore, when the direct capitalisation of net maintainable profit method is used the test can be applied by simply comparing the total value arrived at by the method with the estimated break-up value of the business; the break-up value should in any event always be calculated, since, being the minimum figure for which any reasonable person would sell the business, it sets a lower limit to its value.

A second claim that might be made for the super-profit method is that the top slice of expected profit is more uncertain than the lower layers and that the separate capitalisation of super-profit allows a higher capitalisation rate—reflecting this greater uncertainty and chosen

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\* When the simpler method is used, whether one expresses the capitalisation rate in terms of an *earnings or profit yield* or a *dividend yield* is irrelevant once the expected relation between earnings (profit) and dividend has been stated; this relation must be stated before the concept of net maintainable profit can be given meaning, for a change in the proportion of profit to be distributed will alter the later profit expectation. The idea of *maintainable profit* might be thought to imply that the proportion of earnings distributed will be 100 per cent. If the proportion is in fact smaller, an additional complication is introduced, since a continued annual plough-back could be expected to lead, not to a constant future annual profit, but to an increasing one. In practice I think "maintainable profit" usually implies a hoped-for minimum level of profit, with the probability of a rise above the level considered to be greater than that of a fall; the existence of this probability or hope of increased profit is, I think, allowed for by implication in the capitalisation rate used.

after study of the particular circumstances of the business—to be applied to the top slice represented by that profit. In particular it might be claimed that the return from organisation, patents, very specific assets, and the like, is particularly risky or uncertain. There is, however, a positive objection to this argument, namely that the procedure of applying a differential rate to part of the profit is not part of the normal pattern of behaviour in the organised securities market and that in consequence it would be difficult to lay down a meaningful rule for the estimation of such a rate, particularly when it is recalled that the slice of the profit to which the rate is to be applied is itself ill-defined. In assessing the rates to be used for the purpose of direct capitalisation of earnings or dividends reference can be made to yields thrown up by stock exchange transactions. No similar readily available statistics of super-profit capitalisation rates are available. Anyhow, the super-profit method is not essential to this approach. There is no reason why the net maintainable profit should not be analysed into portions of varying riskiness, each portion being then capitalised *directly* at a rate considered appropriate, if it is believed this procedure is useful.

Another claim that might be made for the super-profit method is that if the tangible assets are valued not at their saleable value, but at replacement cost, the method will draw explicit attention to a situation where the discounted value of total expected returns exceeds replacement cost. If, for example, the replacement cost of tangible assets is 500 and the capitalised value of super-profit is, say, 100, giving a total of 600, the correct value of the business, it may be said, is nevertheless 500, for no one is likely to pay more for a business than the cost of creating a similar one. I do not think this argument for the super-profit method is a strong one. An upper limit to the value of a business is indeed set by the fact that no sensible purchaser would pay more for it than the amount he would need to set up a similar business yielding the same expected profit, less an allowance for the extra trouble and risk and for the amount in the early years by which the profit would probably fall short of the required level. The upper limit so calculated should, in principle at least, always be compared with the valuation of the business, whether achieved by the super-profit method or by direct capitalisation. But there is no reason to suppose that this upper limit will always tally with the replacement value of the tangible assets. In the first place these may no longer be the type of asset that would now be bought if the business were begun anew. Secondly, the replacement cost of the tangible assets will presumably exclude the cost of acquiring any intangible assets (such as patent rights) which may nevertheless be needed, and will also take no account of the extra outlay or lower profit likely during the earlier years of a new business.

The final claim that might be made for the super-profit method is, I believe, wholly invalid and would not be worth mentioning if I did not suspect that it has sometimes been made. It is that in certain circumstances the value of goodwill is expressly required to be included in the business valuation (for example, under Section 59 of

the Finance Act, 1940). The answer to this argument is short. When a business is being valued, the only reason for valuing goodwill is to ascertain the *total value* someone would pay for the business: if goodwill is expressly mentioned it can only be to draw attention to the fact that a business may be worth more than the saleable value of what are usually called the tangible assets. If indeed a separate goodwill figure is really required for some reason the simplest way of obtaining a figure is to value the business as a whole by the direct method of capitalisation and then deduct whatever value is assigned to the tangible assets.

One of the merits of the direct capitalisation method of valuation is that there is no difficulty in dealing with the question of capital gearing. (Hitherto we have considered only a business with nothing but equity capital.) As the saleable value of a business may be expected to vary with different capital gearings it is presumably the aim of the valuer who has to value a business as a whole to assume that the particular structure adopted will be that which gives the business its highest overall value, obtained by summing the separate expected capital values of each class of share or loan capital.\* The direct method is to capitalise separately the expected dividend or interest stream attaching to each class of share or loan capital, and sum the resultant values. I confess I find some difficulty in seeing how the super-profit method can be adapted to allow for valuation of a business the capital structure of which contains an element of gearing. The method assumes, I think, that once the total business value has been reached this can be divided between prior charges and equity capital by deducting the former from the total, the residue being the value of the equity. Whatever basis we adopt in calculating the appropriate figure to be deducted in respect of prior charges—and this presents difficulties—I suspect that this procedure is not likely to give us a value to which a buyer can attach a clear meaning.

Perhaps, indeed, the strongest objection to the super-profit method is that it does not seem to correspond with observed behaviour in the market most concerned with actual valuations of interests in businesses, the organised securities market. Stockbrokers, the financial press, investors, do not go through a calculation of this type. If when a business is valued the aim is to arrive at an approximation to the value the business would have were it marketed, it would seem appropriate to study the behaviour of sensible men in the relevant market. This behaviour is by no means as simple as it might sometimes appear to be at first glance, but nevertheless I believe that the direct capitalisation method conforms much more closely to its pattern than does the super-profit method.

[Concluded.]

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\* An owner of the whole business, whether incorporated or not, will be able to fix or vary the capital structure as he wishes. An unincorporated business may have a higher value if converted into a company with a given capital structure. Where the valuation relates to a non-controlling share interest the problem is different: the valuation is then not of the business, but of a number of shares.

A company is a legal person and the law says it has a mind. How can its state of mind be proved? Must the Board of directors express its "mental decisions"? Here is an everyday practical problem when a particular intention must be shown.

## The Mind of a Company

by W. H. D. Winder, M.A., LL.M.

A PERSON'S STATE of mind is of considerable practical importance for many legal purposes when the law looks not only to what is done but also to the intention, motive, or purpose with which it was done. For similar practical reasons the law often has to have regard to the mental element in an act or transaction performed for the benefit of a company. "A company has no mind and cannot have an intention." This observation by Lord Reading, Chief Justice, in 1915 (see the case of *R. v. Grubb*, 1915, 2 K.B. 683) is far from being an accurate statement of the present law. A company can have an intention and it is often essential to know what that intention is. The problem is to what extent the intentions of directors or managers or other persons acting on behalf of a company can be imputed to it. The security of tenure of premises let for business purposes is the latest legal context in which the problem has arisen. The Landlord and Tenant Act of 1954 provides that the landlord can oppose a tenant's application for an extension of the lease if the landlord "intends" to occupy the premises for the purpose of a business to be carried on by him therein. How is practical effect to be given to this provision if the landlord is a company?

No doubt if the directors passed a formal resolution to the effect that the company intended to occupy the premises for the purposes of the business of the company and that resolution was duly sealed with the common seal any court would, without further question, accept this as incontrovertible evidence to satisfy the Landlord and Tenant Act, 1954. But it is unnecessary to resort to such a degree of formality in order to secure the benefits of the Act, as is shown by the recent Court of Appeal decision in the case of *H. L. Bolton (Engineering) Co., Ltd. v. T. J. Graham & Sons, Ltd.* (1956, 3 Weekly Law Reports 804). Other evidence of the state of mind of the company was held to be acceptable.

The landlord-company, builders' merchants, wished to get possession of premises which had been let to another company, so as to develop the site as a depot for the landlord-company's business. (In saying the company "wished" to get possession we beg the legal question.) The tenant-company claimed the protection of the Act and applied for a new tenancy, contending that the landlord, being a limited company, was unable to show that it had the necessary intention at any relevant date to establish its right to object to the grant of a new tenancy. The landlord-company was a subsidiary of a big

company which controlled a group of cement companies. The landlord-company had three directors, two of whom were also directors of the big company. Their Board meetings were not regular, but were held only once a year. Each of the directors individually played some part in the proposed development of the land but they did not act collectively or as a Board. There was a meeting of the managing directors of the controlling company to which a memorandum was submitted by one of the two directors who was a director of both companies. The report of this meeting stated that Mr. R.'s memorandum was considered and that it was resolved to approve the development of the site owned by the subsidiary company for use by it and the controlling company for new buildings and conversions costing £60,000. In consequence of this decision a notice to quit was given to the tenant-company by the secretary of the landlord-company.

Later on the architect of the subsidiary company proposed plans showing the nature of the work and discussed the matter with the directors on several occasions. The latter met frequently and discussed the development but did not meet as a Board and no vote or minute was taken. Nevertheless they considered the matter individually, and went forward with it as a real project. Indeed, on the adjoining land of the company, they gave instructions for a great deal of work and entered into contracts on behalf of the company without any minute or resolution of the Board at all. It was all part of the one development scheme. When the case came before the County Court the position was the same. After the first day's hearing, however, when the case had been adjourned for several days, the directors held a Board meeting during the adjournment and passed a resolution giving the history of the matter and affirming the intention of the company to take possession of the site for business purposes.

The formal resolution at such a late date was naturally of no effect in itself in establishing the necessary intention. It was too late. But it was held both by the County Court and by the Court of Appeal that the intention of the company could properly be inferred from the intention of its officers and agents, having regard to the nature of the matter under consideration and the other relevant acts and circumstances of the case.

The case established, therefore, that even the important decisions of a company do not have to be reached at a

Board meeting, though if such decisions of a company were habitually resolved upon by the directors at a Board meeting, it would seem doubtful whether a particular decision would hold if reached in another way. It follows that, in a strict sense, Board meetings may well be unnecessary; nevertheless, for the sake of order as well as prudence, well-run companies will continue to have the important decisions not only resolved upon at meetings of the Board, but also formally recorded in a minute (though it had actually been held in the case *Austin Reed Ltd. v. Royal Insurance Co. Ltd.* (Court of Appeal, unreported) that a Board decision need not be formally minuted).

#### **Directors as Company's *Alter Ego***

The older view held by lawyers that mental states could not be attributed to a company is supported by some decisions in the last century but, as Lord Justice Denning remarked in giving this recent decision, "the law on this subject and the approach to it have developed very considerably since then." His view was this: "A company may in many ways be likened to a human body. It has a brain and nerve centre which controls what it does. It also has hands which hold the tools and act in accordance with directions from the centre. Some of the people in the company are mere servants and agents who are nothing more than hands to do the work and cannot be said to represent the mind or will. Others are directors and managers who represent the directing mind and will of the company, and control what it does. The state of mind of these managers is the state of mind of the company and is treated by the law as such."

Thus where the law requires personal fault as a condition of liability in tort, the fault of the directors or of a director may be the personal fault of the company. A director may be the company's *alter ego*.

This theory of the directors' relationship to their company in modern law is traceable to the judgment of Viscount Haldane, Lord Chancellor, in *Lennard's Carrying Co., Ltd. v. Asiatic Petroleum Co., Ltd.* (1915, C.A. 705) when, after saying that a corporation is an abstraction and has no mind of its own any more than it has a body of its own, he explained that "its active and directing will must consequently be sought in the person of somebody who for some purposes may be called an agent, but who is really the directing mind and will of the corporation, the very ego and centre of the personality of the corporation. That person may be under the direction of the shareholders in general meeting; that person may be the Board of directors itself, or it may be, and in some companies it is so, that that person has an authority co-ordinate with the Board of directors given to him under the articles of association, and is appointed by the general meeting of the company, and can only be removed by the general meeting of the company." The fault or privity of the company, he thought, is the fault of privity of somebody who is not merely a servant or agent for whom the company is liable like an ordinary employer, but somebody for whom the company is liable "because his action is the very action of the company itself."

It will usually be the directors who can speak and think for the company in this direct way but a manager may also do so if he has a controlling voice. The later decisions have gone beyond the restrictive words of Viscount Haldane. For the purposes of liability to pay damages in tort it is settled that "a general manager of the business is deemed to be the *alter ego* of the company" (*per Greer, L.J.*, in *Fanton v. Denville*, 1932, 2 K.B. 309).

So also in the criminal law, in cases where the law requires a guilty mind as a condition of a criminal offence, the guilty mind of the directors or the managers will render the company itself guilty. This is shown by *R. v. I.C.R. Haulage, Ltd.* (1944, K.B. 551). In this case the Court said: "Whether in any particular case there is evidence to go to a jury that the criminal act of an agent, including his state of mind, intention, knowledge or belief, is the act of the company . . . must depend on the nature of the charge, the relative position of the officer or agent, and the other relevant facts and circumstances of the case." The officer concerned was the general manager.

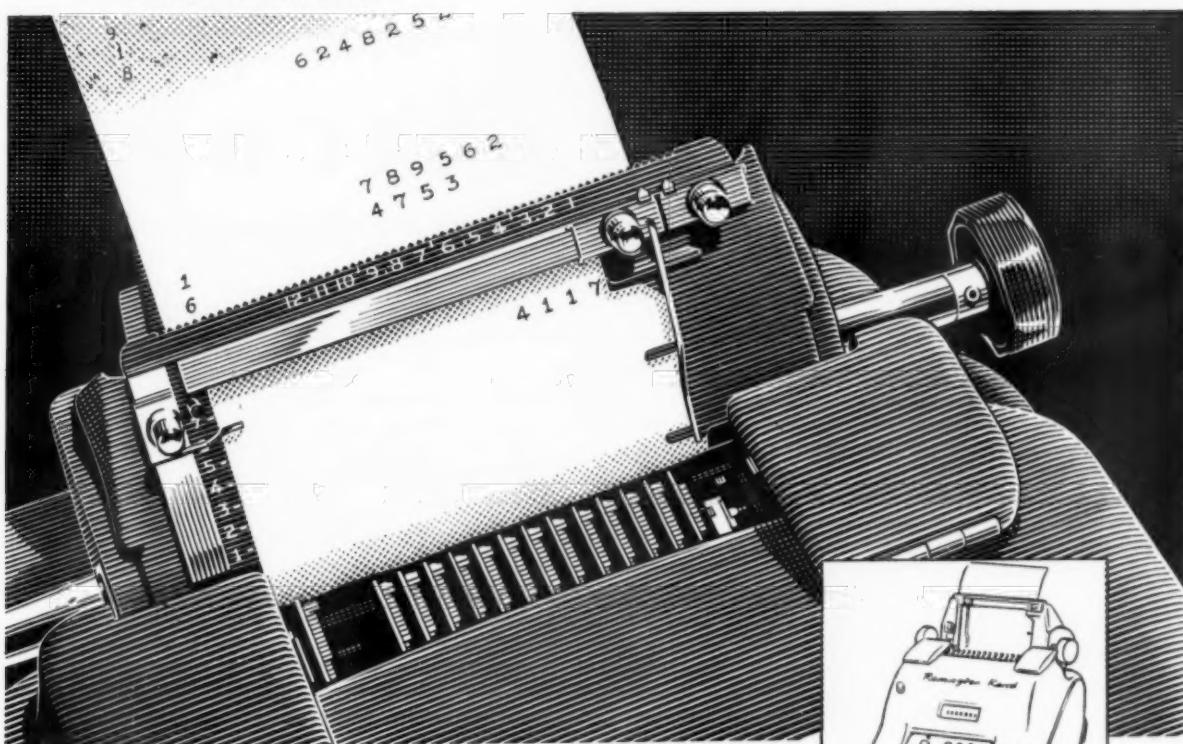
#### **Company Business and Private Business**

An act done by a director outside the course of his employment clearly will not involve the company. This is the ordinary rule of employers' non-liability in tort. The *alter ego* rule seems to be stricter still. Thus, to take an example, if the managing director of a company drives recklessly on his way to a Board meeting and injures a pedestrian, the company may well be liable to pay damages for the tort, but would not be identified in the crime. The negligence of the managing director would not be what has been called "an exercise of the corporate powers."

One would think that an act cannot be attributed to the company unless it is done with the intention of advancing the business of the company, but the decision in *Moore v. J. Bresler, Ltd.* (1944, 2 All E.R. 515) is against such a common-sense limitation of company responsibility. In that case a company was convicted of the criminal offence of making false tax returns with intent to deceive although its managers, who actually made the returns, intended to defraud not only the tax authorities but also the company. The managers in question were only the general and sales manager at a branch of the company. They had made certain sales of the stock and embezzled the proceeds, and then made the false return in respect of purchase tax. This decision has been criticised but has not been overruled. Is the sales manager of a branch of a company the "directing mind and will of the corporation, the very ego and centre of the personality of the corporation," within Lord Haldane's principle?

A much earlier Lord Chancellor once asked, "Did you ever expect a corporation to have a conscience when it has no soul to be damned, and no body to be kicked?" At the present day a company does have a conscience in the sense that in law it may have a guilty state of mind and have particular intentions, wrongful or otherwise. But who is there but the directors and agents to be kicked?

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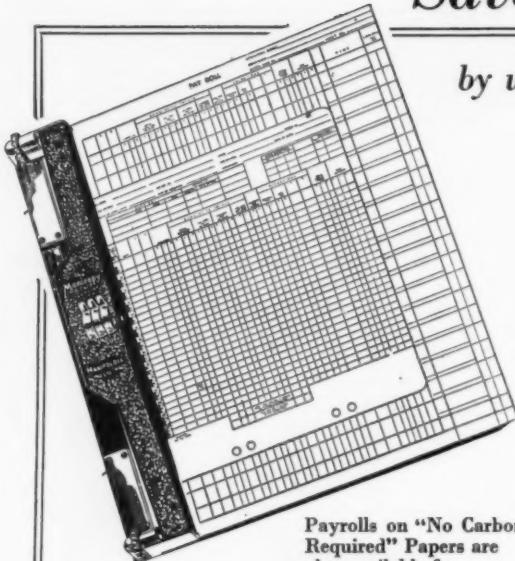
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In his fourth article on the "Macmillan/Tucker pensions," our contributor examines a trust scheme for solicitors and a policy of a new type offered by a life office. The with-profit deferred annuity combined with a reversionary annuity is considered a good contract for professional men. Two points are put forward for action in the next Budget.

## Pensions for Self-Employed—A Progress Report

by T. A. E. Layborn, C.B.E., Fellow of the Corporation of Insurance Brokers

IT IS TIME for a progress report on the "Macmillan/Tucker pensions." Three months have passed since my last article on the subject appeared in ACCOUNTANCY for October, 1956, pages 393-5, and six months since the first in the issue of July, 1956, pages 212-4. (Another article by me was published in September, 1956, pages 354-6.) During the last three months, many assurance offices have added to the variety of contracts that they are prepared to offer to the professional man. They have also agreed proposal forms with the Inland Revenue authorities and are now completing a moderate amount of business—an amount which I believe to be far less than was at first expected. The slow response is not altogether surprising. Reasons are:

(1) the subject is more complex than was anticipated;

(2) it is necessary in many cases to consult an accountant before "relevant earnings" for the purpose of the Act can be calculated; and

(3) from the point of view of the saving of tax there is no particular hurry for some months to make a decision, since the provisions of sub-Section 23 (13) of the Finance Act, 1956, allow a person paying a qualifying premium in the year 1957/58 to elect that the whole or part of it shall be treated as a qualifying premium paid in the year 1956/57;

(4) the assurance office has to agree its form of policy or policies with the Inland Revenue and negotiations to this end can be long drawn out.

Self-employed and others who have already completed proposal forms and paid premiums must not be impatient or disappointed if some

time elapses before they receive their policies.

### Trust Schemes

Many of the professional bodies have been considering whether to institute a trust scheme within the terms of Section 22 (5) of the Finance Act, 1956. At least one body, the Law Society, has decided to establish such a trust scheme and has announced details to its members, but the benefits are being completely reassured with a panel of four leading assurance offices. I believe it was a wise decision to decide upon reassuring in this way, because there can be no outside body such as a wealthy employer to guarantee the solvency of the fund. The terms offered by the four assurance offices are better than the same offices are offering to members of the public. But from the solicitors' point of view it is "take it or leave it"—one type of benefit only is offered. The only type of contract available is a non-profit deferred annuity with a return of premiums plus 4 per cent. compound interest in the event of death before retirement. The suggestion I made in my first article that a trust scheme "is unlikely to be able to offer benefits of more than one type" is thus borne out.

In my view lack of variety will indeed prove to be the great weakness of trust schemes. The Act plus the ingenuity of the assurance offices has made it possible for the self-employed to be offered a wide variety of contracts, and the requirements of individuals vary so much that I am convinced it is not possible to satisfy even the majority of the members of any professional body by offering

them one type of contract only. Apart from the contract that is being offered to solicitors by the Law Society there are two which I feel are of paramount importance to all self-employed who belong to the professional classes. These two contracts are:

(1) A contract of a type similar to that put forward by the Law Society, but on a with-profit basis. As a hedge against inflation, all who are young or middle-aged should to my mind pay due attention to the merits of a with-profit pension policy before deciding to complete a contract on a non-profit basis. The situation is far different from that with an ordinary employer/employee pension scheme when the *quantum* of pension is governed by Inland Revenue regulations. With the self-employed the Revenue control only the *quantum* of premium to be paid—not the resultant pension.

(2) The professional classes in the main enjoy fair incomes, but have accumulated little or no capital. In many instances the income ceases on death, which brings with it a considerable drop in the standard of living for the widow and dependants. Now a with-profit deferred annuity, combined with a reversionary annuity, will give the man if he survives to pension age a pension which will continue to be drawn by his wife if he predeceases her, and in addition will also provide a pension to his widow for the rest of her life should he die *at any time after the first premium has been paid*. It seems to me that a combination of contracts offering protection against inflation and also immediate protection for the wife and family must manifestly be very attractive to

most professional men.

Unlike all other "life cover trimmings," such as term assurance or income policies, the premiums to provide a reversionary annuity rank for full tax relief on the premium. An income for life to the widow is often more satisfactory than providing a capital sum life assurance with tax relief on only two-fifths of the premium.

A contract of a new kind for this country, demanding careful study by the self-employed, is announced by the London and Manchester Assurance Co. Ltd. It would appear that the value of the annuity at the normal pension date and in each year after that date, and also the amount of the annual premium payable, is to be geared to an investment portfolio consisting of equity shares. The contract conforms to what is known in the United States as the "variable annuity." It has been operated for some time by the Teachers' Insurance and Annuity Association in that country, where there are two violently opposed schools of thought on variable annuities. The London and Manchester are to be congratulated on being the first in this country to offer a policy of the kind; heretofore the subject of variable annuities has been confined in Britain to actuarial discussions. Only time can prove whether a contract of this type will show better results than a more orthodox one.

#### Disability Pensions

Very little more has been heard about pensions payable in the event of permanent disability. This silence is no doubt due to the fact that one hears that the Revenue authorities have decreed that the amount of the disability pension can only be such as could be secured by the premiums paid, plus interest, at the time disability commences. This seems a very narrow interpretation of the Act. Probably the last has not yet been heard respecting disability pensions.

#### Two Anomalies for Correction

Since the Budget will be on us in two or three months from now it seems an appropriate time to refer to two anomalies in the provisions of the

Act, particularly in view of the remarks made during the Parliamentary debates to the effect that the provisions were not to be regarded as final, but rather as a basis that could be amended as time went on.

The first of these anomalies is that any person who receives a pension or is entitled to a future pension by reason of employment *formerly* held is debarred from the higher limits of premium otherwise granted to persons born before 1914 (Part II of the Third Schedule of the Finance Act, 1956). In distinction, an employed person who is not at present a member of a sponsored superannuation scheme, but who has an entitlement to a future pension from a scheme of which he was previously a member, sponsored by his present employer, will be granted relief at the higher limits. Another aspect of this anomaly is that an employee of a company who becomes a controlling director of the same company, but has pension rights from his service as an employee, since he is still with the same employer is not debarred from the higher limits, whereas an employee in a partnership who then becomes a

partner but retains some pension benefits is so debarred, because legally the change in partners means that a different partnership has been formed and, therefore, there has been a change of employment.

The second anomaly is that by the provisions of Part I of the Third Schedule of the Act a person who is partially in pensionable employment and partially in non-pensionable employment may, within certain limits, receive relief for premiums in respect of his non-pensionable employment, but an employed person who is a member of a sponsored superannuation scheme which provides totally inadequate benefits in relation to his salary may not supplement them and receive relief. The reason given in the debates was that no satisfactory formula could be found. But it surely should not be beyond the wit of the Treasury, especially since it could call upon outside expert help, to find an answer to this problem. One hopes that in the coming Budget the Chancellor will put before Parliament suggestions to remedy this injustice and the other anomaly.

### **Accountant at Large**

## **The Holiday Habit**

THE CHRISTMAS INDUSTRY, we are told, is in full preparation within a few weeks of each New Year: next December's Christmas cards are already being designed, next December's cracker novelties are devised before the daffodils bloom—before indeed the manufacturers' accountants can tell them what profit they have made from the previous Christmas. It is a very credible story; nor is Christmas the only festivity that casts its shadows before. While last Christmas was still with us we were reminded in every other magazine we picked up that we must soon make up our minds about what we were going to do in our next summer

holiday, and surely there has never before been laid out before us so early such a variety of ways of escape from city streets. The old familiar seaside resorts were there and we were told also how we could make holiday on inland waterways or on horseback, on foot in Spain or on board ship in Norwegian fiords, by car anywhere on the Continent (west of a certain dividing line), by air to just wherever our finance will take us.

Some make their holiday plans in the preceding November. Some leave everything to a spur-of-the-moment decision in June or September. But even of the haphazard procrastinators there are few who can leave their

choice of dates to the last minute, for the holiday list is an office tyranny disciplining even the most senior in the knowledge that juniors are waiting for his decision; and the battles and skirmishes that are fought over it, especially when the staff is just small enough to permit of only one absentee at a time, can disturb the office more profoundly than anything else in the year. The senior who takes his whole entitlement in August and September, the bachelor who refuses to allow his junior's family commitments to influence his own choice: here is the stuff of which insurrection is made.

Of those who grumble about their dates over their morning coffee probably not many realise how new all this holiday business is. The office boy who finds himself condemned to February or November may have a grandfather to tell him, in the face of his incredulity, of bygone working days unbroken by annual holidays. More probably, in a middle class family, the last survivor of the no-holiday tradition has gone, and the youngest member of the family has some excuse for taking his holiday for granted. Yet a hundred years ago the annual holiday was only just becoming a middle-class possibility, and the seaside resorts had not really started to build up their vast industry. There has been a steady spread of the habit for many years now, but a generation that has seen "holidays with pay" granted to (or demanded by) more and more sections of the community is hard put to it to say when the professional middle classes first had holidays with pay as of right.

In some degree each new holiday-making group has pushed its predecessors farther afield, and there are doubtless accountants who can trace their own family's holiday history along some such track as Frinton, Newquay, the Channel Isles, the South of France, Italy—each farther wandering inspired by an overcrowding of the present favourite resort and a steady improvement of travel facilities. Sadly enough, expansion of this kind has had its converse amongst other members of the middle classes who, with the cost of

living rising faster than their incomes, have withdrawn from Newquay to Brighton, or a visit to relatives in the country, and from annual to biennial or less. It is a curiously confused pattern that weaves together these two types and the holidaymaker to whom the "holiday with pay" is a genuinely new thing, and who may be going to Blackpool or Belgium, to Looe or Le Havre.

The hotel industry, which in England receives such regular criticism, is perennially frightened by its own rising prices; but come wind come weather the flood of holidaymakers continues. Come recession? That might be another story; but even if prosperity fled the result would probably be no more than a withdrawal from foreign shores, and our own resorts might receive as many visitors as they do to-day. Certainly they would have assisting them the new outlook, already well established in the middle classes and doubtless soon to become so amongst holiday-with-pay graduates, that to spend fifty-two weeks in her own house is more than can be expected of any housewife. Our Victorian forebears would have found this point of view surprising, but we may well think the change one for the better; and the hotel industry can obviously consider it nothing but excellent.

But the spread of the annual holiday has not yet brought about its rationalisation: in England we still crowd it into the wettest month of the summer, and all our family holidays are ruled by the academic year. Other countries order these things better: the schools break up for much longer summer holidays, much shorter Christmas and Easter breaks. The hotel industry and its customers alike would welcome an adoption of this foreign habit, but the schools are so far adamant. It is not the least curiosity of the annual holiday that one's office routine is so substantially affected by the discipline of youthful examinations.

They are, of course, very nice when they come, those two or three or four weeks in and out of the sea (for "in and out of the sea" is the English prototypal holiday). There is extra work to do beforehand, and there are

arrears awaiting the return; there is indeed extra work throughout the holiday period, as one colleague after another disappears for a spell. There are varying degrees of pain in the journey there and back; there are crowds; there are special griefs for those who work in holiday resorts, whose burden is increased by the influx of visitors, and who perhaps can themselves take only out-of-season holidays. There is rain when you want sunshine; the garden produces all its choicest crops when you are not there to harvest them, and adds for good measure a wonderful growth of weeds. Nor does travel broaden every mind: our fellow holidaymakers are sometimes a sorry crowd, and their post-holiday photographs are usually a burden to be borne only on condition that they will bear with ours when our turn comes. But in itself the holiday is almost certainly worth it all—for a little while no desk, no balances, no vouchers, no figures. Unless we can't resist calculating the hotel proprietor's profit margin—and making up our own depressing balance sheet.

## Accountancy

The air mail edition of ACCOUNTANCY is available either for subscription on a permanent basis or for odd periods (for example, to cover a temporary stay abroad). It is printed on special thin paper, and the oversea subscriber receives each issue only a few days after publication at the beginning of the month in London.

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**by Air**

Last month (pages 8-14) we published the memorandum issued by the Society of Incorporated Accountants to its members on the integration of the Society with the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland and the Institute of Chartered Accountants in Ireland. We now reproduce in full the scheme of the Society and the English Institute. We propose to publish next month the schemes of the Society and the other two Institutes.

## Proposed Integration of Incorporated and Chartered Accountants

### Definitions

1. In this scheme, unless inconsistent with the subject or context:

(a) "the Institute" means The Institute of Chartered Accountants in England and Wales and "any of the Institutes" means and includes the Institute, The Institute of Chartered Accountants of Scotland and The Institute of Chartered Accountants in Ireland;

(b) "the Scottish or Irish Institutes" means The Institute of Chartered Accountants of Scotland or The Institute of Chartered Accountants in Ireland;

(c) "the Society" means The Society of Incorporated Accountants;

(d) "the date of publication of this scheme" means December 20, 1956;

(e) "the effective date" means the date upon which this scheme becomes effective in accordance with clause 22 hereof;

(f) "public accountant" means a person (i) who is a member of a body of accountants which is established in the United Kingdom and which is at the date of publication of this scheme recognised by the Board of Trade for the purposes of Section 161 of the Companies Act, 1948, and (ii) whose main occupation consists of practice as an accountant and the offer of his services as such for reward to members of the public generally;

(g) "chartered or incorporated accountant" means a member of any of the Institutes or of the Society;

(h) "bye-law candidate" means a person who is registered as a bye-law candidate of the Society in accord-

ance with the special provisions of the bye-laws of the Council of the Society;

(i) "England and Wales" means and includes England, Wales, the Channel Islands and the Isle of Man or as the case may be any part thereof;

(j) "Ireland" means and includes the Republic of Ireland and Northern Ireland or as the case may be any part thereof;

(k) "months" means calendar months;

(l) words importing the masculine gender only shall include females, words in the singular shall include the plural, and words in plural shall include the singular;

(m) "this scheme" means this scheme as at present framed, with such amendments (if any) as may prior to the effective date have been approved by general meetings of the Institute and of the Society and agreed to by their respective Councils.

### New Class of Membership of the Institute

2. The Charters and bye-laws of the Institute shall be altered so as to provide for a new class of members of the Institute under the designation "Incorporated Accountants." An Incorporated Accountant of the Institute as such shall not be entitled to describe himself as a Chartered Accountant or to use after his name the initials F.C.A. or A.C.A. but he shall have all such other rights and privileges and shall be subject to all such restrictions and provisions as are by the said Charters and bye-

laws as from time to time in force conferred or imposed upon members of the Institute generally, except that he shall not, after admission to membership of the Institute as an Incorporated Accountant and so long as he remains an Incorporated Accountant, be entitled to receive further persons for service as articled clerks or otherwise for training as chartered or incorporated accountants.

### Admission of Members of the Society as Fellows or Associates of the Institute

3. (a) Any member of the Society who either:

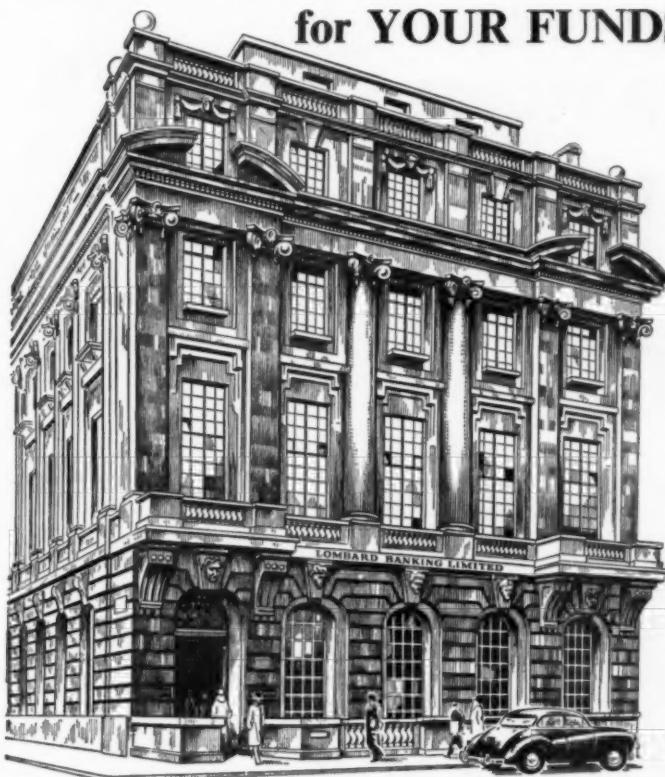
(i) at the date of publication of this scheme is practising as a public accountant in England and Wales, or

(ii) qualified for membership of the Society after the appropriate service in accordance with the constitution of the Society (either as an articled clerk or as a bye-law candidate) with a public accountant practising in England and Wales

shall, upon application to the Institute made within six months after the effective date and provided that at the date of such application he is not also a member of the Scottish or Irish Institutes, be eligible for admission to membership of the Institute as a Fellow or Associate in accordance with sub-clause (b) of this clause. For all purposes of this scheme the decision of the Council of the Institute as to whether a person is a public accountant and as to

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whether a member of the Society qualified for such membership by virtue of the appropriate service as aforesaid with a public accountant shall be final.

(b) Any such member of the Society who, at the date of publication of this scheme, is a Fellow of the Society and who has been continuously in practice as a public accountant (whether or not in England and Wales) for not less than five years at any time prior to the date of his application for admission to membership of the Institute shall be eligible for admission as a Fellow of the Institute. Any other such member of the Society shall be eligible for admission as an Associate of the Institute but shall, as soon as he shall have been continuously in practice as a public accountant (whether or not in England and Wales) for five years (whether or not wholly or in part after admission as an Associate as aforesaid), be eligible for election as a Fellow of the Institute.

(c) Any member of the Society who is admitted as a Fellow or Associate of the Institute under sub-clauses (a) and (b) of this clause shall be entitled to describe himself as a Chartered Accountant and to use after his name the initials F.C.A. or A.C.A. as the case may be but shall cease to be entitled to describe himself as an Incorporated Accountant or to use the designatory letters F.S.A.A. or A.S.A.A.

(d) Any Fellow of the Society who is eligible for admission as an Associate of the Institute under sub-clauses (a) and (b) of this clause but who is not eligible thereunder for admission as a Fellow of the Institute may at his option be admitted an Associate of the Institute under this sub-clause upon the terms that he is to be entitled to describe himself as an Incorporated Accountant and to use the designatory letters F.S.A.A. But he shall only be entitled to do so if and so long as he is not practising as a public accountant and he shall not, while so describing himself, be entitled to describe himself as a Chartered Accountant or to use the initials A.C.A. Any Fellow of the Society who exercises his option as aforesaid shall be entitled at any time

thereafter by notice in writing to the Institute in such form as the Council of the Institute may require to revoke such exercise and as from the date of such notice the provisions of this sub-clause shall cease to apply to him and he shall be deemed to have been admitted as an Associate of the Institute under sub-clauses (a) and (b) of this clause.

#### **Admission of Members of the Society as Incorporated Accountants of the Institute**

4. (a) Any member of the Society who is not eligible for admission as a Fellow or Associate of the Institute under clause 3 of this scheme shall nevertheless, upon application to the Institute made within six months after the effective date and provided that at the date of such application he is not also a member of the Scottish or Irish Institutes, be eligible for admission to membership of the Institute as an Incorporated Accountant and, upon admission, shall be entitled to describe himself as an Incorporated Accountant and to use the designatory letters which he was, immediately prior to admission, entitled to use as a member of the Society.

(b) Any Associate of the Society who is admitted to membership of the Institute as an Incorporated Accountant under this clause shall become eligible to use the designatory letters F.S.A.A. instead of the designatory letters A.S.A.A. on showing to the satisfaction of the Council of the Institute that for not less than three years immediately prior to the date of his application to use such designatory letters (i) he has been continuously in practice as a public accountant in any part of the world or (ii) he has occupied a professional position which in the opinion of the Council of the Institute would have made him eligible for admission as a Fellow of the Society under the constitution of the Society as in force at the date of the publication of this scheme.

#### **Admission of former Members of the Society to Membership of the Institute**

5. The Council of the Institute may

in its discretion admit any former member of the Society to membership of the Institute whether as a Fellow, Associate or Incorporated Accountant upon such terms and conditions as the Council may consider appropriate having regard to the provisions of this scheme.

#### **Incorporated Accountants of the Institute becoming Associates of the Institute**

6. (a) Any member or former member of the Society who is admitted to membership of the Institute as an Incorporated Accountant under clause 4 or 5 of this scheme shall become eligible for election as an Associate of the Institute if he satisfies the following conditions, namely:

- (i) that he has obtained a certificate of his having passed the Final examination of the Institute or the Final examination of the Society (not being its Modified or Special Final examination held in the Union of South Africa or in Southern Rhodesia) whether or not such examination was held in England and Wales; and
- (ii) that whilst a member of the Society or of the Institute (or partly whilst a member of the one and partly whilst a member of the other) he shall continuously for not less than three years have served in England and Wales in the office of or have been in partnership in England and Wales with a chartered or incorporated accountant practising as a public accountant in England and Wales. Provided always that for the purposes of this condition the continuous period of three years above referred to may be made up partly of service and partly of partnership as aforesaid but must, in the case of service or partnership whilst a member of the Institute, consist of service in the office of or partnership with a Fellow or Associate of the Institute or of the Scottish or Irish Institutes.

(b) Any Incorporated Accountant of the Institute who is elected an Associate thereof shall be entitled to describe himself as a Chartered Ac-

countant and to use after his name the initials A.C.A. but shall thereupon cease to be entitled to describe himself as an Incorporated Accountant or to use the designatory letters F.S.A.A. or A.S.A.A.

#### **Members of the Society who are already Members of the Institute**

7. No member of the Society who at the effective date is already a member of the Institute shall thereafter be entitled to describe himself as an Incorporated Accountant or to use the designatory letters F.S.A.A. or A.S.A.A.

#### **General Provisions Regarding Articled Clerks**

8. The number of articled clerks which a practising Fellow or Associate of the Institute may have in his service at the same time shall be increased from two to four and the Council of the Institute shall be empowered in its discretion and on the application of any Fellow or Associate to permit an increase in this number in any case in which it considers it desirable so to do and upon such terms and conditions, if any, as it thinks fit.

#### **Articled Clerks and Bye-law Candidates of the Society**

9. (a) Any articled clerk registered as such prior to the effective date and who is articled to a member of the Society practising as a public accountant in England and Wales may, upon application to the Institute made within six months after the effective date—

- (i) if the member of the Society has become a Fellow or Associate of the Institute pursuant to this scheme, register and complete his articles with the Institute; in which case, the existing articles so registered shall be deemed to have been duly entered into and registered for all purposes of the Charters and bye-laws of the Institute; or
- (ii) in any other case, and subject always to the provisions of clause 13 of this scheme, transfer his articles to a Fellow or Associate

of the Institute for a period expiring on the date on which his articles with the member of the Society would have been completed.

But in no case shall any period of service under articles otherwise than with a chartered or incorporated accountant practising as a public accountant in England and Wales count as service under articles and the same may, if necessary, be extended accordingly.

(b) Any such articled clerk who passes or has passed or has been duly exempted from the Intermediate examination of the Society shall be exempt from the Intermediate examination of the Institute.

(c) Any such articled clerk who passes or has passed the Final examination of the Institute or (subject to clause 16 of this scheme) the Final examination of the Society held in England and Wales shall, upon application to the Institute, be eligible for admission to membership of the Institute as an Associate and upon admission shall be entitled to describe himself as a Chartered Accountant and to use after his name the initials A.C.A.

10. (a) Any bye-law candidate of the Society who was registered as such prior to the effective date and who is undergoing his period of qualifying service in accordance with the special provisions of the bye-laws of the Council of the Society with a chartered or incorporated accountant practising as a public accountant in England and Wales may, upon application to the Institute made within six months after the effective date—

- (i) be articled to a Fellow or Associate of the Institute for a period expiring on the date on which such qualifying service would have been completed; or
- (ii) if at the effective date he shall have served five years (or such shorter period as the Council of the Institute may in its discretion in any particular case consider sufficient) of qualifying service, complete his period of qualifying service.

But in no case shall any period of service otherwise than with a char-

tered or incorporated accountant practising as a public accountant in England and Wales count as qualifying service.

(b) Any such person who passes or has passed or has been duly exempted from the Intermediate examination of the Society shall be exempt from the Intermediate examination of the Institute.

(c) Any such person who passes or has passed the Final examination of the Institute or (subject to clause 16 of this scheme) the Final examination of the Society held in England and Wales shall, upon application to the Institute, be eligible for admission to membership of the Institute as an Associate and upon admission shall be entitled to describe himself as a Chartered Accountant and to use after his name the initials A.C.A.

11. Any articled clerk or bye-law candidate of the Society who was registered as such prior to the date of publication of this scheme (whether or not he is within the provisions of clauses 9 or 10 of this scheme) who, by application to the Institute made within six months after the effective date, applies to be registered with the Institute—

(a) shall be eligible to complete his period of service under articles or (as the case may be) his qualifying service and (subject to clause 16 of this scheme) to sit for the examinations of the Institute or of the Society;

(b) shall, if he passes or has passed or has been duly exempted from the Intermediate examination of the Society, be exempt from the Intermediate examination of the Institute;

(c) shall, if he passes or has passed the Final examination of the Institute or (subject to clause 16 of this scheme) the Final examination of the Society (whether or not held in England and Wales) or the Society's Special Final examination held in the Union of South Africa or in Southern Rhodesia, upon application to the Institute, be eligible for admission to membership of the Institute as an Incorporated Accountant and shall, upon admission, be entitled to describe himself as an Incorporated Accountant and to use the designatory letters A.S.A.A.;

(d) shall, if he is admitted to mem-

bership of the Institute as an Incorporated Accountant under the immediately preceding sub-clause, be eligible to become an Associate of the Institute upon satisfying conditions (i) and (ii) set out in clause 6 (a) of this scheme.

12. (a) Any articled clerk or bye-law candidate of the Society who has duly completed his period of service under articles or (as the case may be) his qualifying service prior to the effective date but who has not passed the Final examination of the Institute or the appropriate Final examination of the Society shall (subject to clause 16 of this scheme) if he passes such Final examination, and upon application to the Institute, be eligible for admission to membership of the Institute as an Associate or Incorporated Accountant (as the case may be) in accordance with clauses 9 (c), 10 (c) or 11 (c) of this scheme.

(b) Any such articled clerk or bye-law candidate of the Society who has also passed the appropriate Final examination of the Society prior to the effective date but has not become a member of the Society shall, upon application to the Institute made within six months after the effective date, be eligible for admission to membership of the Institute as an Associate or Incorporated Accountant (as the case may be) in accordance with clauses 9 (c), 10 (c) or 11 (c) of this scheme.

13. Any articled clerk or bye-law candidate of the Society who, after the effective date, desires to transfer his articles or, as the case may be, to change his employment shall obtain the consent of the Council of the Institute to such transfer or change and unless he do so, service after such transfer or change shall not count towards the completion of his articles or his qualifying service unless the Council of the Institute otherwise directs. In giving any such consent or direction, the Council of the Institute may impose such terms and conditions, if any, as it may consider appropriate.

14. No articled clerk or bye-law candidate of the Society shall be eligible to apply to the Institute under clauses 9 (a), 10 (a) or 11 of this scheme if he has made and not with-

drawn a similar application to the Scottish or Irish Institutes.

#### Applications to the Institute

15. Every application to the Institute made by a member, articled clerk or bye-law candidate of the Society pursuant to this scheme shall be subject to the provisions of the Charters and bye-laws of the Institute for the time being in force and shall be made in such form as the Council of the Institute may require; but the period within which any such application is to be so made may be extended either generally or in any particular case if the Council of the Institute in its discretion considers it proper to do so.

#### Examinations of the Society

16. (a) As from the effective date or such later date (if any) as the Councils of the Institute and of the Society may agree, the Society shall cease to hold any further examinations; but the following examinations shall continue to be held as examinations of the Society in accordance with sub-clause (b) of this clause for the period below set forth (or for such longer period or periods as the Council of the Institute may think fit) provided that in the case of the Special Final examination held in the Union of South Africa and in Southern Rhodesia, such examination shall only be held if and so long as the Council of the Institute considers it necessary and practicable to do so:

Intermediate examination held in England and Wales ..	until December 1, 1959.
Intermediate examination held in Scotland ..	
Intermediate examination held in Ireland ..	
Final examination held in England and Wales ..	until December 1, 1961.
Final examination held in Scotland ..	
Final examination held in Ireland ..	
Special Final examination held in the Union of South Africa and in Southern Rhodesia ..	until December 1, 1967.

(b) Such examinations shall be held by the Institute (which shall be solely responsible for all matters relating thereto) in consultation, where appropriate, with the Scottish or Irish Institutes, as nearly as may be in accordance with the relevant provisions of the constitution of the Society as in force at the date of publication of this scheme, with such modifications (if any) as the Council of the Institute may consider necessary or desirable. But no person other than a person who is or has been either an articled clerk articled to a member of the Society or a bye-law candidate of the Society shall be eligible to sit for any such examination.

(c) If an articled clerk or bye-law candidate of the Society has not passed an Intermediate examination of the Society held prior to the date of publication of this scheme (or if he has not been duly exempted therefrom prior to that date) he shall only become eligible for admission to membership of the Institute if he passes the Final examination of the Institute.

#### Rates of Subscription

17. Every member of the Society who is admitted to membership of the Institute as a Fellow or Associate thereof shall pay the annual subscription appropriate to his membership of the Institute under the Charters and bye-laws of the Institute as from time to time in force. Every member of the Society who is admitted to membership of the Institute as an Incorporated Accountant shall pay the same annual subscription as would be payable by him under the said Charters and bye-laws as an Associate of the Institute. Provided always that:

(a) no member of the Society who is admitted to membership of the Institute shall be required to pay any admission fee or to pay any subscription in respect of any period covered by a subscription already duly paid by him to the Society;

(b) any member of the Society who is admitted to membership of the Institute as an Incorporated Accountant but who is neither resident

nor practising as a public accountant in England and Wales shall, unless he becomes so resident or practising or until otherwise determined in accordance with the Charters and bye-laws of the Institute, pay an annual subscription to the Institute of £2 2s.0d. if immediately prior to admission he was a Fellow of the Society and of £1 1s. 0d. only if he was an Associate of the Society.

#### Membership of the Council of the Institute

18. (a) The number of members of the Council of the Institute shall be increased from forty-five to fifty-five and the ten vacancies thus created shall be filled by members of the Council of the Society to be selected by mutual agreement between the Councils of the Institute and of the Society. The ten members of the Council of the Society appointed to fill such vacancies are in this clause called "the Society's appointed members" and their appointment shall not require any confirmation of an annual meeting of the Institute.

(b) So long as two or more of the Society's appointed members are members of the Council, the number of the members of the Council of the Institute to retire at each annual meeting of the Institute shall be increased from nine to eleven, of whom two shall be chosen from the Society's appointed members.

(c) In the event of there being only one of the Society's appointed members remaining a member of the Council, the number of members of the Council of the Institute to retire at each annual meeting of the Institute shall be ten, of whom the Society's appointed member shall be one.

(d) The Society's appointed members to retire by rotation at each annual meeting as aforesaid shall, where necessary, be chosen by agreement among them or, in default of agreement, by lot but shall be eligible for re-election.

(e) If and whenever any of the Society's appointed members ceases for any reason to be a member of the Council of the Institute (otherwise than by reason of retirement by rotation at an annual meeting of the

Institute at which he is duly re-elected) his place shall not be filled and the number of members of the Council of the Institute shall thereupon be *ipso facto* reduced accordingly.

(f) Save as aforesaid, all the provisions of the Charters and bye-laws of the Institute from time to time in force relating to members of the Council shall apply to the Society's appointed members and to the remaining members of the Council equally and without distinction.

#### Future Use of the Designation "Incorporated Accountant"

19. Any member of the Society who does not exercise his right under this scheme to apply for membership of any of the Institutes shall, in recognition of the fact that he possesses professional qualifications at least equivalent to those required for persons admitted to membership of the Institute as Incorporated Accountants and has been accepted by the Institute as a person entitled to apply for membership thereof, be entitled to continue to describe himself as an Incorporated Accountant and to use the designatory letters F.S.A.A. or A.S.A.A. as the case may be.

#### Powers of the Institute to Alter its Charters and Bye-laws

20. Nothing in this scheme shall be construed as limiting the powers of the Institute at any time to amend its Charters and bye-laws in such manner as it may think fit.

#### Payments by the Institute out of the surplus assets of the Society

21. The Council of the Institute shall as part of the scheme and for the purpose of implementing the same have power, out of the surplus assets of the Society to be transferred to the Institute as contemplated in clause 22 (a) (ii) of this scheme, to make such payments or transfers to the Scottish and Irish Institutes and to officers and employees of the Society as the Council may think fit.

#### Effective Date

22. (a) This scheme shall become

effective and shall become binding upon the Institute and the Society and their respective members on such date as the Councils of the Institute and the Society may agree, being a date on or before which the following conditions shall have been satisfied, namely:

(i) that this scheme shall have been approved by the members of the Institute in general meeting, and the Charters and bye-laws of the Institute shall have been duly amended and (where requisite) such amendments shall have been duly allowed by The Lords of Her Majesty's Most Honourable Privy Council, in such manner as may be required to give effect to this scheme; and

(ii) that this scheme shall have been approved by the members of the Society in general meeting and effective resolutions of the members of the Society shall have been passed for the voluntary winding-up of the Society and the transfer of its surplus assets (including such rights as the Society can transfer to grant and withhold the designation "Incorporated Accountant" and the use of the designatory letters F.S.A.A. and A.S.A.A.) to the Institute, such resolutions to be in such form as the Councils of the Society and of the Institute may agree.

(b) For the purposes of sub-clause (a) of this clause, any resolution of the Institute or the Society in general meeting which may be required in order to satisfy any of the conditions therein mentioned shall be deemed to have been duly passed notwithstanding that such resolution is or is expressed to be conditional upon this scheme becoming effective.

(c) A certificate signed by the secretary of the Institute and the secretary of the Society duly authorised by their respective Councils that this scheme has become effective and as to the date on which this scheme became effective shall be conclusive.

(d) Unless this scheme shall have become effective on or before December 31, 1957, or such later date (if any) as the Councils of the Institute and of the Society may agree, it shall be null and void.

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## Taxation

# Capital Allowances and Basis Periods

IN COMPUTING PROFITS for Schedule D, Case I and Case II, it is not possible to charge depreciation of fixed assets. Instead, under Part 10 of the Income Tax Act, 1952, certain allowances (termed capital allowances) for specified capital expenditure are allowed in computing the tax assessment. These allowances are always in respect of a year of assessment, never an accounting period.

In this note it is intended to cover the basis periods for capital allowances on expenditure incurred on industrial buildings and plant and machinery. In respect of expenditure on these items, the capital allowances available are:

- (1) Initial allowances; or
- (2) Investment allowances; and
- (3) Annual allowances; and
- (4) Balancing allowances; or
- (5) Balancing charges.

The investment and initial allowances are given in the year of assessment in the basis period for which the expenditure is incurred. The annual allowance is given in the year of assessment if the industrial building or plant and machinery is in use for the purposes of the trade at the end of the basis period for that year of assessment. Balancing allowances or charges are made in the year of assessment in the basis period for which the event takes place. The term "event" covers the sale of the asset, its loss by fire, its scrapping and so on.

It is important, therefore, to ascertain the basis period for any year of assessment. Section 325, Income Tax Act, 1952, lays down that for a person to or on whom an allowance or charge falls to be made in charging the profits or gains of his trade, the basis period for any year of assessment is the period on the profits or gains of which income tax for that year falls to be finally computed under Case I of Schedule D in respect of the trade in question or, if the profits or gains of any other period are to be taken to be the profits or gains of the said period, that other period. If the business is a new one or one that is discontinued or if there is a change in the accounting date of the business, the above rule may cause two basis periods to overlap or an interval or gap may arise between them. In these circumstances Section 325 provides that where two basis periods overlap, the period common to both shall be deemed to fall in the first basis period only. If there is an interval between the end of the basis period for one year of assessment and the basis period for the next year of assessment, then, unless the second mentioned year of assessment is the year of the permanent discontinuance of the trade, the interval shall be deemed to be part of the second basis period. If the interval would, under the latter rule, fall into the second

period, but that is the basis period for the year of discontinuance, then the interval is deemed to form part of the first basis period.

The situation can be illustrated by assuming that the business commenced on August 1, 1953, and makes up its accounts to July 31, 1954, and annually thereafter to July 31. No claim is made under Section 129 to have the assessments of the second and third years based on the actual profits. The basis periods for the purpose of calculating the capital allowances for 1953/54, 1954/55, 1955/56, 1956/57, 1957/58 would be:

<i>Year of Assessment</i>	<i>Basis Period</i>
1953/54	Period, August 1, 1953, to April 5, 1954.
1954/55	Year, August 1, 1953, to July 31, 1954. As the period 1/8/53 to 5/4/54 is common to 1953/54 and 1954/55, the basis period for 1954/55 becomes April 6, 1954, to July 31, 1954.
1955/56	Year, August 1, 1953, to July 31, 1954. As this period is already included in the basis periods for 1953/54 and 1954/55, no initial or investment allowances can be claimed in 1955/56. Annual allowances will be given in respect of industrial buildings, plant and machinery in use on July 31, 1954.
1956/57	Year, August 1, 1954, to July 31, 1955.
1957/58	Year, August 1, 1955, to July 31, 1956.

If a claim was made to be assessed on the "actual" profits of the second and third years of assessment (Section 129, Income Tax Act, 1952), the above basis periods would become:

<i>Year of Assessment</i>	<i>Basis Period</i>
1953/54	Period, August 1, 1953, to April 5, 1954.
1954/55	Year, April 6, 1954, to April 5, 1955.
1955/56	Year, April 6, 1955, to April 5, 1956.
1956/57	Year, August 1, 1954, to July 31, 1955. But this period is already included in the basis periods for 1954/55 and 1955/56. No initial or investment allowances will be given in 1956/57, although annual allowances will arise if the asset is in use on July 31, 1955.
1957/58	Year, August 1, 1955, to July 31, 1956. The period August 1, 1955, to April 5, 1956, is part of the basis period for 1955/56 and must be excluded from that for 1957/58. Therefore, the basis period for the latter year becomes April 6, 1956, to July 31, 1956.

As the initial and investment allowances are at the rate of 20 per cent. of the purchase price of an asset, before making the decision to claim under Section 129 care must be taken to compute the effect on capital allowances.

The position if a business is discontinued can be illustrated as follows.

Assume a company makes up its accounts for years ended September 30, until September 30, 1955. Then accounts are made up for the period to July 31, 1956, at which date the company ceased business. If the Revenue does not require the assessment for the penultimate year to be based on the "actual" profits of that year, the basis periods for 1954/55, 1955/56 and 1956/57 will be:

*Year of  
Assessment*

1954/55  
1955/56

*Basis Period*

Accounting year ended September 30, 1953.  
Originally the accounting year ended September 30, 1954, but there is an interval (from October 1, 1954, to April 5, 1956) between that date and the beginning of the basis period for 1956/57. Normally this interval would be deemed to be part of the second basis period, i.e. that for 1956/57. But 1956/57 is the year of discontinuance, therefore the interval "falls" into the first basis period. The final basis period for 1955/56 is, therefore, October 1, 1953, to April 5, 1956.

1956/57

Period, April 6, 1956, to July 31, 1956.

Had the Revenue required the assessment for the penultimate year to be based on the "actual" profits of that year, the basis periods would become:

1954/55  
1955/56

Accounting year ended September 30, 1953.  
Originally the period April 6, 1955, to April 5, 1956, but there is an interval between September 30, 1953, and April 6, 1955. This interval is deemed to

form part of the basis period for 1955/56. The basis period becomes October 1, 1953, to April 5, 1956. Period, April 6, 1956, to July 31, 1956.

The basis periods if there is a change in the accounting date will, of course, depend on the circumstances of the particular case. But the following example will indicate the adjustments necessary in computing basis periods.

Assume a company makes up its accounts for the years ended September 30, 1951, and September 30, 1952, and for the nine months to June 30, 1953. The future accounting date is to be June 30.

Assuming the normal basis of computing profits on the basis of the new accounting date is adopted, the basis periods will be:

*Year of  
Assessment*

1954/55  
1953/54

*Basis Period*

Year to June 30, 1953.

Originally the basis period would have been the accounting year to September 30, 1952. But the profits for this year will be based on the profits of the "corresponding period," i.e. the year to June 30, 1952. Therefore, the period July 1, 1951, to September 30, 1951, forms part of this year and of the basis period for 1952/53. As the overlapping period is deemed to be part of the first basis period, the basis period for 1953/54 becomes October 1, 1951, to June 30, 1952.

1952/53

Accounting year to September 30, 1951.

Work done for the new edition was ignored. Lump sums were treated as capital receipts in *Withers v. Nethersole* (1948, 28 T.C. 501, 514 H.L.) and *Haigs' Exors. v. C.I.R.* (1939, 22 T.C. 725).

Lump sums paid for sensational and other life stories, etc., in the so-called "popular" Press have been assessed under Case VI, as in *Hobbs v. Hussey* (1942, 24 T.C. 153).

An author, dramatist, etc., assessed on a lump sum receipt (including a non-returnable advance of royalties) is given the right to spread it back over the period he was engaged in the work up to three years. If he was engaged for more than 12 months but not more than 24 months, only half is to be included in the year of receipt, the other half going into the previous year. If over 24 months, one-third is regarded as income when received, one-third going into the income 12 months earlier, and the remaining third 24 months earlier. The claim must be made within 12 months from the end of the year of

## Taxation Notes

### Copyrights

It appears that an author or dramatist exercising a profession assessable under Case II of Schedule D must include in his income and expenditure account lump sums from the sale of copyrights as well as royalties received for sales. It is only a lump sum received for the sale after he has ceased to exercise his profession that can escape tax. Lawrence, J., in *Billam v. Griffith* (1941, 23 T.C. 757) stated that when a vocation—in that case that of a dramatist—is carried on and it is an ordinary incident of the disposition of works to realise them either by means of royalties or by outright sale, it is really the realisation of what may be regarded as the circulating capital of the dramatist, his

brain being his fixed capital and his circulating capital being the plays which, no doubt, may for certain purposes be regarded as property, but, at the same time, may be realised in the course of the business which he carries on. See also *Glasson v. Rougier* (1944, 26 T.C. 86).

A person who is not assessed under Case II may receive a lump sum as capital, as in *Beare v. Carter* (1940, 23 T.C. 353) where the author had written one book, of which five editions had been published. He received a lump sum in exchange for a licence to publish a further edition. The receipt was held to be capital from the sale of property. There was no evidence of the profession of author being carried on in this case.

assessment affected by the receipt (Section 471).

Royalties received by an author, etc., within the first two years after the first publication of a work, may be similarly spread on a claim by April 5 following the third anniversary of the publication (Section 22, Finance Act, 1953). If copyright royalties are assessed under Case VI (as they are where Case II does not apply), no expenses are deductible (*Curtis Brown v. Jarvis* (1929, 14 T.C. 744)).

If the usual place of abode of the owner of a copyright is not within the United Kingdom, income tax must be deducted (and accounted for under Section 170) from any payment of or on account of any royalties or sums paid periodically for or in respect of that copyright except royalties, etc., in respect of copies of the works exported for distribution outside the United Kingdom (Section 470).

#### Profits Tax—Loan Repayments

On the splitting of an accounting period into two or more chargeable accounting periods (C.A.P.'s), is the repayment of a loan which has been included in the gross relevant distributions (G.R.D.) of a previous C.A.P. of a director-controlled company to be regarded as a deduction from the net relevant distributions (N.R.D.) of the C.A.P. in which it is repaid, or must it be spread over the accounting period?

It seems that the first method is correct. Section 36 (3) of the Finance Act, 1947, as amended by Section 70 of the Finance Act, 1948, says that if a loan has been treated as part of the G.R.D. for a C.A.P., then, if the loan is repaid, the N.R.D.'s for *the period* in which repayment is made are to be reduced in respect of the repayment. Section 34 (2) of the Finance Act, 1947, makes it clear that the N.R.D.'s for any C.A.P. are so much of the G.R.D. for that period as the profits bear to the profits before abatement, and including franked investment income (F.I.I.). Where an accounting period has to be split into two or more C.A.P.'s the splitting is to be done on a time basis (Section 37, Finance Act, 1947). It follows that

"the period" in Section 36 (3) (italicised above) must be the C.A.P., not the accounting period.

In normal circumstances, the ultimate result would be the same whether the N.R.D. is adjusted for the period in which the loan is repaid (method 1) or whether the relief for the loan repayment is spread over the accounting period (method 2). While the calculation without splitting

would be simpler, relief might be deferred.

**Illustration:** A director-controlled company making up accounts to October 31. For the year to October 31, 1955, the profits were £20,000, F.I.I. was £5,000, and G.R.D. (including a loan of £8,000) were £12,000. The profits of the year to October 31, 1956, were £9,000, F.I.I. was £3,000 and G.R.D. were £7,200. The loan was repaid in May, 1956.

#### Profits Tax (P.T.):

	Percentage £
N.R.D. $\frac{20,000}{25,000} \times £12,000$	£20,000 at 22½ 4,500
N.R.D.	9,600
	<hr/>
£10,400 at 20	2,080
P.T.	<hr/> 2,420

#### Additional P.T. as a result of the loan:

	C.A.P. (a)	C.A.P. (b)
	1.11.55 to 31.3.56	1.4.56 to 31.10.56
Method (1):	Percentage £ s.	Percentage £ s.
5/12 of £9,000 =	£3,750 27½ 1,031 5	7/12 of £9,000 = £5,250 30 1,575 0
N.R.D. (see below)	2,250	nil
N.R.D.	<hr/> 1,500 25 375 0	<hr/> 5,250 27 1,417 10
P.T.	<hr/> 656 5	<hr/> P.T. 157 10
Method (2):		
N.R.D. (see below)	£3,750 27½ 1,031 5 0	£5,250 30 1,575 0 0
N.R.D.	<hr/> 118	<hr/> 383
N.R.D.	<hr/> 3,632 25 908 0 0	<hr/> 4,867 27 1,314 1 10
P.T.	<hr/> 123 5 0	<hr/> P.T. 260 18 2
Totals: (1)	<hr/> £813 15 0	<hr/> (2) £384 3 2

Under method (1), the G.R.D. and N.R.D. are as follows:

	C.A.P. (a)	C.A.P. (b)
	£	£
G.R.D.	5/12 of £7,200 = 3,000	7/12 of £7,200 = 4,200
N.R.D.	<hr/> $\frac{3,750}{5,000} \times £3,000 = 2,250$	<hr/> $\frac{5,250}{7,000} \times £4,200 = 3,150$
		<i>Less: re loan repayment</i>
		$£1,280 \times \frac{100}{27}$
		= £4,741
		limited to 3,150

Amount of relief on loan repayment of £3,150 at 20 per cent. = £850.10.0 leaving £1,280—£850.10.0 = £429.10.0 relief (appropriately "grossed up") to come against the next N.R.D. 

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Under method (2):

	£	£
N.R.D. as above	2,250	3,150
<i>Less: re loan repayment:</i>		
5/12 × £1,280 = £533	<hr/> 7/12 × £1,280 = £747	
£533 × $\frac{100}{25}$	2,132	<hr/> $\frac{£747}{27} \times 100$
	<hr/> 118	<hr/> 2,767
		<hr/> 383

### Surrender of Victory Bonds in Payment of Estate Duty

With the fall in the price of gilt edged stocks, it is well to bear in mind the right to surrender Victory Bonds in payment of estate duty. The Bonds are accepted at par plus accrued interest (gross) (Section 34, Finance Act, 1917). Should the stock be *ex div.*, however, the full amount (gross) of the next dividend receivable by the estate must be deducted from the amount arrived at as above. The interest added is not liable to income tax (*Monks v. Fox's Exors.* (1928, 1 K.B. 351)). If the executor at the request of the trustees of settled property uses Victory Bonds belonging to the free estate to pay duty on the settled property, he is entitled to be repaid by the trustees the full amount of the duty, not merely the market value of the bonds (*Re Ticehurst's Settlement* (1930, W.N. 166)).

It is a condition of their surrender that the securities have been held by the deceased for at least six months before death. Victory Bonds belonging to a partnership may be surrendered to an extent equivalent to the ratio that the deceased partner's share bears to the aggregate partnership capital as determined for estate duty; the Bonds must likewise have been held for six months prior to the death.

The 4 per cent. Funding Loan is accepted at 80 under similar conditions, but it has not at the time of writing become profitable to surren-  
this stock.

#### Illustration (1)

X. died on September 25. Estate duty was paid on the following December 7, £6,110. Included in the estate were £5,000 4 per cent. Victory Bonds, quoted at 90½—90⅓.

The estate duty could be settled thus:

	£ s. d.
Estate duty .. .	6,110 0 0
Interest at 2 per cent. for 73 days .. .	24 8 9
Total due .. .	6,134 8 9
£5,000 Victory Bonds at par	5,000 0 0
Interest from September 2 to December 7 inclusive, 97 days at 4 per cent. ..	53 3 0
Satisfied by Bonds .. .	5,053 3 0
Cash .. .	1,081 5 9
	<u>6,134 8 9</u>

#### Illustration (2)

Had the estate duty been paid on February 7, when the Bonds would be quoted *ex div.*, the calculations would be:

	£ s. d.
Estate duty .. .	6,110 0 0
Interest at 2 per cent. for 135 days .. .	45 3 11
Total due .. .	<u>6,155 3 11</u>
£5,000 Victory Bonds at par	5,000 0 0
Interest 159 days .. .	87 2 5
Deduct ½ year's interest (gross) due March 1 ..	5,087 2 5
Satisfied by Bonds .. .	100 0 0
Cash .. .	4,987 2 5
	<u>1,168 1 6</u>
	<u>6,155 3 11</u>

The estate will receive the half year's interest £100 less tax at 8/6—£57.10.0.

The real effect of the *ex div.* rule is shown below. (Victory Bonds are *ex div.* for about six weeks):

#### Illustration (3)

(a) Surrender while *cum div.*:

	£
£10,000 Victory Bonds at par ..	10,000
4½ months' interest (gross) ..	150
Surrender value .. .	<u>10,150</u>

Estate receives no interest on the Bonds on the next due date.

(b) Surrender while *ex div.*:

	£
As above .. .	10,150
Deduct 6 months' interest (gross)	200
Surrender value .. .	9,950
And the estate received 6 months' interest less tax .. .	115
	<u>10,065</u>

The estate is £85 (the tax on £200) worse off because of having to take the interest as income instead of as part of the *cum div.* surrender value. Equity would require only the net forthcoming interest to be deducted in arriving at surrender value, but then equity would equally demand that tax be deducted from the accrued interest! The decision in the *Monk's Exors.* case was not foreseen when the provision was passed in 1917.

#### Accumulating Settlements

It seems that the only way in which a parent can make over capital to his unmarried child under the age of 21, without remaining liable for income tax on the income from that property, is by means of an irrevocable accumulating settlement under Section

398, Income Tax Act, 1952. The property must be put into a trust under which the income is to be accumulated during the minority of the child or until his marriage. The trust must be irrevocable. If any of the income or capital is applied for the child's benefit while he is an infant and unmarried, its gross equivalent (not exceeding the grossed accumulated income) will be treated as income of the settlor (Section 398, Income Tax Act, 1952).

When the income is accumulated contingently on the child attaining the age of 21 or marrying, there is a concession that the accumulations handed to him on the happening of either contingency are not to be treated as the settlor's income even if the child was an infant and unmarried on April 6 in the year of assessment in which the event happened.

The accumulated income in a contingent settlement reaches the child as capital, not liable to surtax, but there is statutory provision for his being able to claim repayment of income tax over the whole period of accumulation so far as he has allowances available; such claim can be made within six years after the end of the year of assessment in which the contingency happens (Section 228, Income Tax Act, 1952).

Any capital so settled on an unmarried infant child will be a gift *inter vivos* and so liable to estate duty if the settlor dies within five years of the gift.

Settlements must be drawn up by skilled draftsmen, as the word "irrevocable" is extended by the Acts in that a settlement is not to be deemed to be irrevocable (a) if income arising from or assets representing the settlement can in any circumstances be applied for the benefit of the settlor or his or her spouse during the child's lifetime, or (b) if it can be determined by the act or default of any person, or (c) if it provides for the payment of any penalty by the settlor in the event of his failing to comply with its provisions (Section 399).

The above restrictions are cut down by a proviso to Section 399 (1) that a settlement is not to be deemed revocable by reason only that (a)

the income or assets may become payable for the benefit of the settlor (or spouse of the settlor) on the child's bankruptcy or in the event of an assignment or charge being made by the child, or (b) any determination can only benefit the child (or the spouse or children of the child), or (c) protective trusts under Section 33, Trustee Act, 1925, apply (unless the trust period is or would on the happening of some event be less than for the life of the child).

It is advisable to give to the trustees the widest powers of investment; these can be subject to the settlor's approval while he is alive.

Where a company issues fully-paid shares as a result of capitalising its profits or using a capital reserve to pay them up (commonly called bonus shares, though the Stock Exchange has now discontinued the use of the term "bonus shares" in favour, officially, of "capitalisation issue" and, in general practice, of "scrip issue"), any such shares issued to trustees of the settlement in respect of shares already comprised in the settlement are not a gift from the settlor and so cannot attract estate duty on his death within five years of the original gift (*A.-G. v. Oldham*, 1946, 2 K.B. 485; *Sneddon v. Lord Advocate*, 1954, A.C. 257).

If, however, the shares were in a company under the control of not more than five persons to which the deceased had transferred assets at any time, the provisions of Section 46, Finance Act, 1940, might be used by the Revenue, if relevant, to nullify the benefit to some extent.

Should the settlor, to save stamp duty, renounce bonus shares to the trustees, those shares would be caught by the "five year" rule as a gift from him.

Another aspect of estate duty is that if shares given to trustees are redeemed or the company in which they are held is liquidated (even if only on reconstruction by sale of the business to another company for shares allotted to the shareholders in the vendor company), the original gift has disappeared and even if the settlor does not survive the five year period, there is no passing of the fund now representing the original gift

(*Sneddon case, supra*). "Estate duty in respect of property taken under a disposition purporting to operate as a gift *inter vivos* will be regarded as imposed upon the property originally given, whether absolutely or by way of settlement, and in this context property will not be given the extended meaning assigned to it by Section 22 (1) (f), Finance Act, 1894" (from an official announcement by the Board of Inland Revenue reproduced in *The Law Society's Gazette*, April, 1954). That is to say, the Revenue no longer seek to apply estate duty to the proceeds of sale or to the property in which the proceeds are invested. It is important to note, however, that if shares forming the original gift have been sold, and the settlor dies within five years from the date of gift, it is the original shares that are valued as a gift *inter vivos* deemed to pass on his death. The date of a transfer of shares is the date of gift, so that even if the transfer deed had been registered within the five years, if the transfer was dated more than five years before the donor's death there is no passing on his death (*Re Rose, Rose v. C.I.R.* 1952, 1 Ch. 499).

#### Delayed Allowances

Section 15 of the Finance Act, 1953, extended the provisions of Section 341 of the Income Tax Act, 1952, so that any loss which has not been relieved in the year in which the loss occurred can be the subject of a Section 341 claim in the following year. For example, if a taxpayer in 1955/56 had a total income of £1,800 and sustained a business loss in that year of £2,000, he could claim a repayment of all tax borne in 1956/57 and then make a Section 341 claim in respect of the balance of £200 in 1957/58.

It is important to remember that if unused capital allowances are added to a loss it is the unused capital allowance of the year in which the loss is incurred that is added and it is the unrelieved portion of the total so arrived at that can be used in the following year.

A similar extension applies to any capital allowances which fall to be

made by way of discharge or repayment of tax and are available primarily against a specified class of income. By Section 324 of the Income Tax Act, 1952, the taxpayer is given the right to claim that any balance not set-off against the specified class of income can be deducted from his income of that class for the next year of assessment and so on for subsequent years until it is relieved. Alternatively, he can claim to have the excess of the allowance over the specified income set against his total income for the same year as that in which the allowance is given against the specified income. Section 20 (8) of the Finance Act, 1954, provides that such capital allowances that are not relieved in the year in question may be set against the total income of the year following that in which the claim originally arose. This is analogous to the relief under Section 15 of the Finance Act, 1953. Since the allowances include agricultural buildings allowances under Section 314, Income Tax Act, 1952, this note should be read with the note on page 23 in ACCOUNTANCY for January, 1957, on the subject of agricultural buildings allowances.

#### Loss Relief and Net United Kingdom Rates of Tax

By Section 15 of the Finance Act, 1953, if a person claims relief for a loss under Section 341 of the Income Tax Act, 1952, the loss is to be treated as reducing first his income of the corresponding class, then his other income, then (unless the claimant requires the loss to be set against his or her own income only) the wife's or husband's income of the corresponding class and then the wife's or husband's other income. Except where the loss is incurred from a source from which a profit would be unearned income—such a source as a sleeping partner's interest in a partnership—it follows that the loss goes against earned income of the claimant, then against his or her unearned income, then against the spouse's earned income, and finally against the spouse's unearned income.

Section 350 (1) (a) of the Income Tax Act, 1952, provides that no relief

or repayments of tax deducted from a dividend shall be allowed at a rate exceeding the net United Kingdom (U.K.) rate of tax payable by the company after taking double taxation relief into account.

It seems to follow that if the loss exhausts the husband's income, but not the wife's, the repayment must be restricted to the net U.K. rates of tax on the dividends received by the husband notwithstanding the fact that the wife may have a balance of unearned income in which the dividends are all taxed at the full U.K. rate.

*Illustration:*

			1955/56	
			<i>Husband</i>	<i>Wife</i>
			£	£
Assessment on business		Sch. E assessment	1,200	500
Dividends:				
Net U.K. rate				
8/6	500	3,000		
8/-	200			
5/-	700			
2/-	300			
			2,900	3,500
Deduct business loss, 1955/56—£3,800			2,900	900
			<u>2,600</u>	
Reliefs:		Before S. 341		After S. 341
				On wife's unearned income
		<i>Husband</i>	<i>Wife</i>	£
Earned income relief (E.I.R.)	267	111	—	
Personal	240	140	240	
Child	100		100	
Life assurance	40		40	
	<u>647</u>	<u>251</u>	<u>380</u>	
Reduced rates on 360		249	360	
Direct tax:		<i>Husband</i>	<i>Wife</i>	
		£	£	
Income	1,200	500		
Reliefs	647	251		
	<u>553</u>	<u>249</u>		
On £360				
at reduced rates	£ s. d.	£ s. d.	£ s. d.	
93 0 0	60 at 2/3	6 15 0		
On £193				
at 8/6	82 0 6	150 at 4/9	35 12 6	
		39 at 6/9	13 3 3	
	<u>175 0 6</u>	<u>55 10 9</u>		

Had all the dividends been available at 8/6, the tax paid would have totalled:

	<i>Husband</i>	<i>Wife</i>
	£ s. d.	£ s. d.
As above	175 0 6	55 10 9
Dividends	722 10 0	1,275 0 0
	<u>897 10 6</u>	<u>1,330 10 9</u>

Total £2,228 1 3

Amended liability:

	£
Total Income	2,600
Reliefs	380
	<u>2,220</u>

	£ s. d.
On £360 at reduced rates	93 0 0
On £1,860 at 8/6	790 10 0
	<u>883 10 0</u>

The repayment would have been

This could be calculated thus:

	£
Loss	3,800
Relief withdrawn:	
E.I.R.	378
Additional personal allowance	140
	<u>518</u>
	<u>3,282</u>

	£ s. d.
Tax paid at reduced rates, now not available (on £249)	55 10 9
Tax on balance (£3,033) at 8/6	1,289 0 6
	<u>1,344 11 3</u>

Owing to the net U.K. rates, however, it seems necessary to restrict the repayment on the last three dividends to:

	£200 at 8/—	£80
700 at 5/—	175	
300 at 2/—	30	
	<u>£1,200</u>	<u>£285</u>
£1,200 at 8/6	510	
Restriction =	<u>£225</u>	

This would reduce the repayment to £1,119 11 3

**Sharkey v. Wernher Once More**

The National Chamber of Trade, following a meeting between a deputation from the Chamber and senior officials of the Inland Revenue, issued to members of the Chamber, with the concurrence of the Revenue, a statement as follows:

The case of *Sharkey v. Wernher* related to the transfer to racing stables (which did not constitute a trading activity) of horses bred at a stud farm, the profits of which were chargeable under Schedule D, the proprietor of the racing stables being the same person as the proprietor of the stud farm. The House of Lords held that the market value of the horses, not the cost of breeding them, should be credited in the accounts of the stud farm.

The Inland Revenue consider in the light of the judgments given in that case that the decision that the proper figure to be credited is market value, applies to all cases in which a trader (including a farmer) takes goods from trading stock for his personal use or enjoyment or for disposal otherwise than by sale in the course of trade. The decision does not apply to services rendered to the trader personally or to his household, nor is it regarded as having any bearing on expenditure incurred on the construction of an asset to be used as a fixed asset of the trade. Inspectors of Taxes have been authorised to take a reasonably broad view in considering what adjustments are required in practice to give effect to the decision, and it is not contemplated that undue time will be spent over small amounts.

While there is nothing in this statement with which we would disagree, it does seem to us that all expenditure on the domestic and private purposes of the owners of businesses, their families and establishments should be deleted in the tax computations, under the provisions of Section 137 (b) of the Income Tax Act, 1952. If that procedure were followed, there would then appear to be no reason for crediting any sum in respect of goods taken from trading stock by a trader. The effect would be that goods purchased for own use would be treated as a distinct purchase and not as trading stock. Readers' comments would be welcomed.

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## Recent Tax Cases

By W. B. COWCHER, O.B.E., B.LITT.

### Income Tax

*Settlement by will on children of testator*  
—Protected life interests—Surrender by granddaughter of testator of her life interest expectant on the death of her father in favour of her children, great-grandchildren of the testator—Surrender on following day by her father, son of the testator, of his life interest—Whether surrender by mother of her expectant life interest in favour of her children a "settlement" within the mischief of Section 21 of the Finance Act, 1936.

**C.I.R. v. Buchanan** (Ch. June 22, 1956, T.R. 241) originated in the will of the first Lord Iveagh, who died in 1927. His very large estate had been settled by his will upon such of his children as were living at his death and their issue. Each child was to take a life interest with remainder to his or her issue, but any of the issue living at the testator's death took only a life interest with remainder to their issue, the estate being tied up as far as permissible. One of the testator's sons, Mr. Arthur Guinness, had a daughter, and both he and she were alive at the time of the testator's death. She had married the Marquis of Dufferin and Ava, by whom she had had three children. He was killed in the war; and she had thereafter married Major Buchanan, the respondent. A provision in the testator's will of vital importance in the case was to the effect that any life tenant taking under it could at any time surrender his interest to any person who would be entitled to it if the life tenant were dead; and in that event, the taker was to take as if the life tenant were dead. This curious provision was clearly the origin of the scheme under consideration in the case.

On March 8, 1948, Lady Dufferin had by deed surrendered to her children her life interest in the residuary estate of the testator expectant upon the death of her father, Mr. Arthur Guinness. On the following day, the latter had by deed surrendered his own life interest, with the result that the Dufferin children became entitled in possession to Mr. Arthur Guinness's share of the residuary estate of Lord Iveagh or to Lady Dufferin's share of that share—which ever, said Vaisey, J., was the proper state of the facts. During 1949/50 and 1950/51, the relevant years in respect of

which surtax was claimed, the three Dufferin children were minors and the income set free by the two deeds of surrender had been expended for their benefit in accordance with another clause of Lord Iveagh's will. On these facts, by virtue of the provisions of Section 21 of the Finance Act, 1936, the Revenue had claimed that the income so expended was the taxable income of Major Buchanan as though for each of the said years it was the income of Lady Dufferin. By this Section, where income was paid, by virtue or in consequence of any settlement, to or for the benefit of an infant and unmarried child of the settlor it was to be treated for all income tax purposes as the income of the settlor. By Section 21 (9), "settlement" was given a wide special meaning and "includes any disposition, trust, covenant, agreement, arrangement or transfer of assets"; whilst "settlor" was to include any person by whom the settlement was made or entered into directly or indirectly. For the Section to apply, it had to be shown that Lady Dufferin was the settlor and was the settlor in relation to some settlement. For the Revenue, it was argued that it was by virtue or in consequence of the deed of March 8, 1948, that the income became payable for the benefit of the Dufferin children.

On appeal, the Special Commissioners had decided in favour of the respondent, but on grounds (not specified in his judgment) to which Vaisey, J., said he could not subscribe as they stood. Nevertheless, he upheld their decision. He considered that although the word "surrender" was inappropriate, Lady Dufferin having nothing to surrender, its meaning was sufficiently clear. What seemed to him to be strange in the case was that the surrender of March 8, 1948, was to operate under the clause of Lord Iveagh's will summarised above. Was it, he said, their mother to whom the Dufferin children were to look as the originator of their bounty, or their great-grandfather, who by the words of the said clause directed to whom the income was to go? It seemed to him that Lord Iveagh's will went out of its way to say that the effect of a surrender was not to be regulated by any one but himself. Lady Dufferin, he said, had neither surrendered nor released any existing

life interest, and she had "disclaimed" rather than "surrendered." He came to the conclusion that the income did not become available "but virtue or in consequence of" the surrender by Lady Dufferin but by the express terms of Lord Iveagh's will.

The Special Commissioners amongst their reasons had held that Lady Dufferin had merely declined in advance to take her share under Lord Iveagh's will, and had held also that the position might have been different if she had assigned a life interest in possession. This latter view may, of course, be not unconnected with the careful dating of the two deeds of surrender.

### Income Tax

*Taxi-driver driving own cab—No accounts*  
—Computation of income by reference to expenditure—Whether Commissioners' decision on appeal justified—Income Tax Act, 1952, Section 52 (5).

**Jacobs v. Eavis** (Ch. July 5, 1956, T.R. 287) brought no satisfaction to the appellant; but the decision of Harman, J., will clearly be useful to the Revenue. Mr. Jacobs was a taxi-driver who drove his own cab in the London area and, although the judgment does not reveal how he came to be caught in the Revenue net, most of such cases owe their origin to Section 27 of the Finance Act, 1951, which withdrew the veil of secrecy from the more important Post Office Savings Bank deposits and at the same time dealt a deadly blow at the National Savings movement. As it was a "no accounts" case, the Inspector had apparently worked out the appellant's financial position in the usual way by reference to assets and estimated private expenditure, a method which calls to mind one of the prongs of Cardinal Morton's famous "fork." The conclusion the Inspector had come to was that for the relevant year the appellant's income could not have been less than £590. The latter, upon the other hand, had made a return showing gross takings at £875 and expenses £520, leaving a profit of £354, from which he claimed further deductions and allowances. He had, however, produced no accounts or other evidence to substantiate his figures, none of which had been accepted by the Inspector. Upon appeal, the Commissioners, whilst finding as a fact that the appellant's gross takings had been understated by him, had reduced the assessment from £590 to £519, leaving him with "two or three pounds" to pay in tax. Nevertheless, appellant had appealed to the High

Court "as a matter of principle" and declared there his intention to take the matter to the highest authority. Harman, J., affirming the Commissioners' decision, held the case to be a pure question of fact with which he could not interfere. He also expressed strongly his view that the appellant had got off very lightly.

The salient point in the case from the Revenue standpoint was the judge's comments on the way the Inspector had arrived at his estimate of Mr. Jacob's earnings. He described it as a "back-handed" method, but one which might alone be possible where there were no accounts available. Where the amount of earnings is as elusive as it is in the case of taxi-drivers, waiters and persons in other vocations where tips are important, some such word as "reliable" needs to be interposed between "no" and "accounts" in the judge's dictum.

#### Income Tax

*Annual payment—Will—Direction to pay sum year by year to agent so long as remaining agent—Whether a legacy or assessable remuneration for services—Income Tax Act, 1918, Schedule E—Finance Act, 1922, Section 18.*

**Clapham's Trustees v. Belton** (Ch. July 10, 1956, T.R. 305). Although one complicating factor disappeared with the abolition of the Legacy Duty, the present case demonstrated that the position in regard to income tax of a trustee, specially authorised to receive remuneration for his services in that capacity either under a will or settlement or by order of Court, remains one where it is hard to reconcile law and common-sense. By the will of the Rev. Harry Clapham, who died on October 8, 1948, one of the trustees of the will was his "faithful secretary," a Miss Constance Muriel Owens, who was also a principal beneficiary; and it was from a provision in Clause 4 of the will that the case arose. The testator, amongst his other assets, owned five houses in Brixton, and by the said clause he gave the income therefrom to his two children

less £100 per year to be paid to my agent and secretary, Constance Muriel Owens, for the collection thereof so long as she remains my agent . . .

Nevertheless, by the same clause the testator gave his trustees authority to dispose of all the Brixton property after the death of his wife and to place the proceeds for the benefit of his two children. By Clause 10 he gave Miss Owens a life interest in his property at Tooting for so long as she remained un-

married and his agent; and, finally, he gave her the residue of his estate "as a small token of my regard and gratitude for services rendered and sacrifices made."

Miss Owens had claimed that she did not receive the £100 per annum as a beneficiary under the will but as the paid manager of the property in question, and that she was entitled to be paid without deduction of tax. For the Revenue, upon the other hand, it had been contended that the £100 per annum was bounty of the testator and was payable subject to the deduction. (There is more than one possibility; but the judgment does not reveal why the parties took up their respective positions.) The General Commissioners had decided in favour of the Revenue, and Vaisey, J., affirmed their decision. He said that where a payment was made under a will there was, as a rule, a presumption that the recipient was a beneficiary and not a paid servant; and, referring to the closing provision of Clause 4 empowering the trustees to dispose of the Brixton property, he speculated upon the position of the £100 per annum had they exercised their powers.

His conclusion, after considering all the relevant cases, was that he did not regard the position as anything other than a beneficial gift by way of bounty from the testator himself. He had been much guided, he said, by *O'Reilly v. Casey* (1942, 1 I.R. 378) in the Irish Supreme Court. There, a testator had left house property to trustees upon certain trusts and had directed that 10 per cent. of the rents thereof should be paid to his son, G., so long as he continued to manage the property, although he might be removed for just cause without compensation. G. had been assessed to and had paid legacy duty in respect of his rights under the will; and the Supreme Court, reversing the decision of the Special Commissioner and the High Court, held that the payments were derived from a conditional legacy and were not profits accruing from an office, employment or pension. It would seem to be difficult, however, to reconcile the terms of this Irish decision with that of the House of Lords in *Dale v. C.I.R.*, where, although there was no question of the trustees' right to deduct tax, it was nevertheless held that Sir Henry Dale did hold an office of profit. With Legacy Duty now out of the way, it seems to the present writer that a practical way of dealing with the position and removing the existing absurdities would be by legislation whereby all such provisions for

paid services by trustees under wills and settlements would be regarded as if they created contractual relationships.

#### Surtax

*Undistributed income of company—Direction that income of company be deemed income of its members—Apportionment—Fund for redemption of cumulative redeemable Preference shares—Credits to fund out of profits—Whether interest of Ordinary shareholders extends to income so applied—Finance Act, 1922, Section 21, Schedule I, paragraphs 8, 10.*

In *Wigram Family Settled Estates Ltd. (in Liquidation) v. C.I.R.* (Ch. July 17, 1956, T.R. 293), the appellant company put forward a contention which, at any rate, had whatever merit there is in novelty. A company was within the mischief of Section 21 of the Finance Act, 1922, as being controlled by nor more than five persons. A direction had been made by the Special Commissioners that for surtax purposes its income for the relevant period should be deemed the income of its members, and, in accordance with Section 21 (1), the said income had been apportioned. Appeals had been made against the direction and against the apportionment; and on both the Special Commissioners had decided against the company. The appeal against the direction had been abandoned, but not that against the apportionment.

The company was incorporated in 1932, and at all relevant times down to its going into liquidation on May 31, 1952, the capital had consisted of, firstly, the unredeemed part of an original issue of £100,000 in 6 per cent. cumulative Redeemable Preference shares of £1 held by the Equity and Law Life Assurance Society (hereafter referred to as "Equity shares"), secondly, 2,000 six per cent. participating cumulative Preference shares of £1, thirdly, an issue of 6 per cent. cumulative non-participating Preference shares and, fourthly, some Ordinary shares. All these shares ranked for dividend in the above order. By the company's articles, the holders of the Equity shares were entitled to the benefit of a redemption fund created out of profits; and by its operation, before April 5, 1951, the number of outstanding Equity shares had been reduced to 20,000. The contention on behalf of the appellant company was that in an apportionment under Section 21 of the income of the company among the members regard should be had to the fact that the Equity

shares, in addition to having a first preferential claim to 6 per cent. dividends, also had an interest in the sums credited to the redemption fund in each of the relevant years, namely: £4,000 for 1950/51, £10,000 for 1951/52 and £4,000 for 1952/53. It was contended that, as these credits were made out of profits otherwise available for dividend, the interest in the said sums which accrued to the holders of the Equity shares was one within paragraph 8 of the First Schedule to the Finance Act, 1922.

The Special Commissioners had held that the rights of the holders of the Equity shares in the redemption fund were merely security for eventual repayment of capital and were in no sense a double interest, and that it would be wrong to take them into account in the apportionment. Vaisey, J., approved their decision. The only people, he said, who really gained by the application of profits to the redemption fund were the Ordinary shareholders. The holders of the Equity shares could never have been liable either to income tax or to surtax except in respect of their 6 per cent. dividends. It may be suggested that to expect success upon the point would seem to indicate the existence of an unusual amount of optimism.

#### Profits Tax

*Industrial buildings or structures allowance—Dwelling houses at colliery—“Building or structure likely to have little or no value to the person carrying on the trade when the mine . . . is no longer worked”—Meaning of “when”—Income Tax Act, 1945, Section 8 (3)—Finance Act, 1947, Schedule VIII, Part I, para. 1 (1) (b).*

**C.I.R. v. National Coal Board** (C.A. July 24, 1956, T.R. 309) was the subject of an extended note in our issue of July last (page 283). By the Income Tax Act, 1945, initial and annual allowances were to be given in respect of expenditure upon “industrial buildings or structures.” Dwelling-houses generally were excluded, but by a proviso to Section 8 (3) this exclusion was not to apply to those constructed for occupation by or for the welfare of persons “employed at or in connection with the working of a mine . . . if the building or structure is likely to have little or no value to the person carrying on the trade when the mine is no longer worked.” The issue in the case was in respect of 124 dwelling-houses owned by the National Coal Board at Thoresby mine, Edwinstone, Notts., and occupied by its employees.

The Special Commissioners had found that the houses were *likely* to have substantial value until the year 2091, whilst the best estimate of the life of the mine itself was that it would be likely to be no longer worked in the year 2141. They had held that in these circumstances the houses were within the exemption inasmuch as they were likely to have little or no value at a date anterior to the date when the mine would no longer be worked. Roxburgh, J., had affirmed this decision. The Revenue contention had been that the position was to be considered afresh for each year of assessment and the value of the houses considered upon the footing that the mine ceased to be worked in that year. In the Court of Appeal, Romer, L.J., dissenting, the decision of the lower Court was reversed, the majority, consisting of Singleton and Morris, L.J.J. holding that “when” in the context should be read as if it were “if.”

Singleton, L.J., pointed out that the word “likely” in Section 8 (3) was used only in relation to value and had no relation to the time when the mine was no longer worked. The Special Commissioners’ use of it in relation to the latter was, he said, akin to inserting “likely” a second time in Section 8 (3). Bearing in mind that the annual allowances in question were intended to cease after fifty years, or less where an initial allowance had been given, it seemed to him to be out of line to consider an imaginary position which might exist “135 years hence.” Both he and Morris, L.J., held that the Crown’s submission received support from the proviso to Section 14 (1) of the Act, where “when” had to be used in the sense of “whenever.” After reviewing the purposes of the legislation and then referring to the dictionary meanings of “when,” he held that the meaning “sometimes merely ‘if’” was the way he would read it.

Morris, L.J., held that a comparable situation was where a foreign plantation was no longer worked and where although the growing, etc., of crops might have ceased the land itself would remain. Another situation, he said, would be where a source of minerals ceased to be worked for causes other than exhaustion of the minerals. Like Singleton, L.J., he, too, stressed the absence of the use a second time of the word “likely.” It seemed to him, he said, that argument might be submitted whichever construction was adopted, and this suggested to him that the underlying conception was one of buildings having no independent value to the

person carrying on the trade if and when he ceased to carry it on. Drawing attention to the startling boldness of the Special Commissioners’ suppositions, he said he doubted whether “the most enlightened and imaginative scientist would prophesy the shape of things to come so far ahead.” The purpose of the exemption was, in his opinion, to preserve from disqualification buildings or structures if their value was really dependent on continuance of the working of the mine, etc.

Romer, L.J., dissenting, did not accept unquestioned the Crown’s submission that the common characteristic of concerns within Section 8 (1) (e) was that in general they were situated in remote and isolated places. In his view, the common characteristic was that, except for foreign plantations, they constituted assets of a wasting nature, a fact which had been recognised in Part III of the Income Tax Act, 1945, which, by Section 25, dealt with “the working of a mine, oil well or other source of mineral deposits of a wasting nature.” (The present writer finds it difficult to conceive of such a “source” or how, having been conceived, it could be other than “wasting”). He said that he could find no solution to the problem which was in conformity both with the statutory language and with common sense and probability. After a closely-reasoned analysis, his conclusion was that the proviso to be interpreted “was solely concerned with the probable factual position at a future time” and that the question of value when the colliery was no longer worked could not be answered without reference to its probable future life.

Leave was given to appeal to the House of Lords; but, before this was given, Singleton, L.J., wanted to know what was the purpose of the great cost and great expenditure of time involved in that litigation; and he was clearly not satisfied with the answers given to him. The whole position, looked at from the commonsense standard of everyday life, is, of course, intrinsically absurd. Nevertheless, the nationalisation of an industry produces a problem which has proved troublesome even in Russia. In this country, the assessing of its contribution to the national Exchequer is, in general, determined on income tax principles just as if nationalisation had not taken place; and this would seem to hold the field at present as a practical method. The absurdities arising from carrying it to its logical conclusion will, no doubt, be avoided as the result of longer experience.

## The Month in the City

### Restoring Confidence

The closing days of the old year witnessed a continuation of the rally in markets. This went hand in hand with an improvement in the sterling exchange and flowed, in part, from the announcement of loans from the I.M.F. and the Import-Export Bank and from the reduction of tension within the Conservative Party. An operative cause in the gilt-edged market, which has throughout led the improvement, was the sharp and continuous rise in the tender price for Treasury bills, which by the end of the year had reduced the rate by some 6s. per cent. from the late September peak of about 5½ per cent. The revival of confidence in sterling, coming at the same time as a sharp reduction of the total bills outstanding as a result of the tax inflow, ensured that the fall should continue into the new year and early promoted hopes of a fall in Bank Rate.

The return of Sir Anthony Eden, apparently in good health, tended to confirm hopes of less trouble from Westminster. His subsequent resignation caused no more than a temporary uncertainty, and the decision of Her Majesty to ask Mr. Macmillan to fill the vacant post produced a renewed burst of buying—largely, one must suppose, because it removed many uncertainties and partly because it seemed to guarantee a continuance of policies which, for the moment at least, were causing a rise in the Funds. The relative strength of sterling, on a level almost the best since the seizure of the Canal started the flight, is naturally a potent factor in the new confidence in fixed interest securities.

### Equities Less Buoyant

While the percentage rise in industrial equities has been less than that in the Funds, the movement has been less steady. The growth of unemployment, coupled with some labour unrest and the repeated demands for rises in wage rates well in excess of the increase in the cost of living, necessarily cause some uncertainty. The fact that, so far at least, actual increases granted have been closely related to the rise in living costs holds out some hope that the eventual rise in wage costs can be covered by rises in productivity resulting from recent fixed capital formation. But fuel

shortage, especially perhaps its effect on transport, inevitably suggests some decline in production for a period of months, and, probably, a larger decline in profit margins as a consequence. But behind all this there is a hope that some solid benefit for industry may flow from the appreciable measure of disinflation that has been achieved. With the political uncertainties reduced, all indices show material improvements, and the following figures compiled by the *Financial Times* reflect changing sentiment. Between December 18 and January 18 Government securities have risen from 83.00 to 88.15, the highest since February last year; fixed interest securities from 91.46 to 95.55, the best since the end of May; and industrial equities from 174.5 to 183.3. Gold mines, having fallen 3½ points, partly on being marked ex dividend, now stand at 75.2 against 78.7.

### I.C.I. Success

Mainly, one must suppose, by good luck, the offer of unsecured loan stock to shareholders of *Imperial Chemical Industries* closed when the recovery was already under way and dealing opened on the morrow of the announcement of Mr. Macmillan's succession to the premiership. A last minute flood of applications raised the total for the £40 million on offer to above £238 million. The only applicants to be satisfied in full were those for £200 or less, and above that the basis was approximately 12½ per cent. The guess of the opening price was anything from 2½ to 4 points premium. In the event the bidding was substantial, and the price rose to 5½ points premium before the official close of the first day. This is mainly a reflection of the rise in the Funds, for at this stage it is too early to assess what the conversion rights may be worth. The allotment letters are £10 per cent. paid, and it remains to be seen what will happen when they are fully paid; but it is evident that this, the largest of British industrial issues, has been abundantly successful, for the premium has risen to 8½ points.

### United Steel Offer

The I.C.I. result was scarcely known

before there was announced a rights offer by the *United Steel Companies*. This accompanied the report in which Sir Walter Benton Jones announced that the steel industry's expansion could not possibly be financed solely out of retained profits. Actually, holders of £14 million of Ordinary capital are being offered three new shares at 30s. each for every seven now held. On the basis of the old dividend, this promises a yield of £8 6s. per cent. on the new shares, and makes the rights worth about 9d. per old share. The prospect of a new Government seems to have encouraged holders even of steel shares: the new shares, nil paid, rose to above 2s. before reacting to about 1s. 6d., only to rise again. This is at the moment a cheap gamble on steel. This company shares with Stewarts and Lloyds the distinction of standing at the head of the list of those companies that have been returned to private ownership. The prospect of steel shares giving low yields is remote, but something might be done to improve their value, and to ease the cost of raising new money, if steel directorates would distribute a reasonable share of their total earnings.

### Banking Results

At the time of writing the bankers' annual speeches are not available, but it is at least possible to comment on the preliminary statements of results. It was generally supposed that profits would be well up but that, with the exception of the minor adjustment already announced by *Lloyds Bank*, dividends would be unchanged. So far as the public are concerned this was a correct appraisal of the position. But *Williams Deacon's*, an affiliate of the *Royal Bank of Scotland*, has raised its final dividend, and therefore the total distribution, by two points, which means some £18,000 net of additional income to the parent company. The remaining seven English banks, owned directly by private investors, show an increase of rather over £1 million in disclosed profits. Of this almost £700,000 has gone to add £412,000 to carry-forwards, which last year were reduced by £281,000. There have also been small increases in the amount of published profits carried to internal and disclosed reserves, including premises account and pensions. The addition to dividends, excluding the *Williams Deacon's* figure, is some £113,000, resulting almost entirely from the *Lloyds* adjustment—which, it will be recalled, still leaves the rate of distribution below that ruling in 1929.

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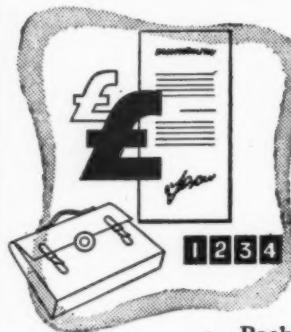
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# Points From Published Accounts

## **Model Accounts**

Having won one of the awards of *The Accountant* for its accounts last year, *Folland Aircraft* has certainly not chosen to rest on its laurels. Instead the accounts this year provide a model for those seeking to retain a conventional style, and at the same time a simpler approach

for those not so well acquainted with balance sheet formalities. One of the features upon which the company has relied in the past is an extremely informative and readable chairman's statement. This year explanatory profit and loss and balance sheet statements are appended to augment the bare financial

details given in the main accounts. The method adopted seems so successful that we reproduce the balance sheet statement in full below.

The statement might almost be taken as a model by companies wanting to make sure their accounts are understood by all who read them. When one has read through a statement such as this, there can be precious little room for misinterpretation.

## **The Effective Use of Narrative**

The accounts of *Wolverhampton Die Casting* have been recast with a view to increasing their readability and

### **FOLLAND AIRCRAFT LIMITED**

#### **Explanatory Balance Sheet as at June 30, 1956**

##### **CAPITAL:**

1,000,000 Shares of 10s. each are held by 2,975 shareholders	£	£
--	---	---

	500,000
--	---------

##### **RESERVES:**

The following profits have been retained in the business:

<i>General Reserve</i> —To ensure continuity of employment and to allow for future contingencies, e.g., increased replacement costs of machinery, etc.	300,000
<i>Unappropriated Profits</i> —After allowing for payment of dividend recommended by your directors	42,175
<i>Future Taxation</i> —Income tax due 1957/8 estimated at £72,500 plus £17,500 set aside for the equalisation of taxation	90,000
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>£932,175</b>

These shareholders' funds are represented by the excess of what we own over what we owe, as set out below:

##### **CURRENT ASSETS:**

We own the following assets which are readily realisable:

Stocks of raw materials and partly manufactured goods	700,849
Amounts owed to us for goods supplied and services rendered	550,662
Sundry prepayments and recoverable expenses (e.g. pension scheme premiums paid in advance and partly recoverable from employees by weekly deduction)	43,318
Cash in hand	841
	1,295,670

##### **CURRENT LIABILITIES:**

We owe the following:

Bank overdraft (which has been allowed us without security)	482,115
Amounts payable to suppliers (allowing for charges incurred but not invoiced)	238,169
Provision for income tax and profits tax due about January, 1957	106,344
Final dividend due to shareholders if directors' recommendation approved	14,375
	841,003

*The Excess of readily realisable things we own after allowing for all we owe* .....

454,667

##### **FIXED ASSETS:**

Permanent property we own which is not so readily realisable, i.e., land, buildings and equipment, motor vehicles, furniture, fittings, etc. (after allowing for depreciation due to wear, etc.) .....

477,508

<b>TOTAL NET ASSETS</b>	<b>£932,175</b>
-------------------------	-----------------

(Note—In the original the main terms in capitals are also in red)

making them simpler. In this instance, a particularly happy medium seems to have been struck. The company describes the two sides of the balance sheet as "funds employed" and "represented by." Otherwise a completely conventional approach is adopted, the directors preferring to include pictorial and explanatory matter to help shareholders to a better appreciation of their business. Surely a brief narrative of this kind is infinitely more effective than amending the nomenclature of balance sheets:

#### TOOLROOM

The important part played by our toolroom has already been emphasised in previous reports—the vital necessity of only the most accurate dies being released for production, the craftsmanship so necessary to maintain our reputation for quality castings, the intense application to detail ensuring trouble-free profitable production runs.

No matter how skilled the personnel, none of these aims can be achieved without the right type of capital investment behind them. Here in particular the cold figures in the balance sheet come alive as tangible assets in the form of sensitive jig borers, capable of machining steel to one ten-thousandth of an inch, delicate pantographs faithfully reproducing minute detail in the most complicated designs, massive copy millers, working automatically and almost without supervision, the largest of which represents an investment of over £17,000.

Incidentally it is a revealing commentary upon the methods by which balance sheet totals are arrived at that the directors should feel it necessary to preface the accounts and additional materials provided with this comment: "As shareholders you will be the first to appreciate the fact that balance sheet figures, particularly in relation to fixed assets, do not necessarily reflect a true picture of the actual values of capital employed in the running of a business."

#### Accounts as an Advertising Medium

*Kelsey Industries* has always had its own unique approach to the publication of annual accounts as an advertising medium. Each year a small sample of one or other of the group's products has been attached so that recipients could see for themselves how well they work. This is one facet of annual accounts that most businesses still fail to exploit; yet it remains true that shareholders can be the most valuable item of goodwill that a company has—given the opportunity. This year *Kelsey* has contented itself

with enclosing a strip of film showing part of an advertisement for one of its products which has been appearing on commercial television. Incidentally, here is one of the few companies to make its accounts a handy size for the pocket. Whether this offsets the disadvantage of having to undo four folds in order to see the balance sheet and profit and loss account remains a moot point.

#### Unembellished Accounts

*Wall Paper Manufacturers* is a big and important industrial concern, the presentation of whose accounts is hardly a match for its physical stature. They are adequate, but contain none of the wider information, statistical background, or pictorial treatment that is currently making the accounts of other companies of a similar standing so readable and attractive.

A particular point of some confusion arises from the treatment of minority interests in the profit and loss account this year. In the previous accounts, the position was as in Table I.

This year the treatment is entirely different; minority interests do not appear until the final balance for appropriation is struck. This is shown in Table II.

At first glance there is a distinct impression that a mistake has been made, since the loss experienced by the minority interests in the year ended June 30, 1955, has been subtracted instead of being added. The answer to this apparent anomaly lies on the credit side of the appropriation account, where the "profit brought down attributable to the *Wall Paper Manufacturers Limited*" is seen to be £1,287,643. This sum, by reference to the extract from the accounts reproduced in Table II, is apparently the profit of the parent company. But actually the profit of the parent company is £1,234,184, though anyone reading the accounts for the first time could be forgiven for assuming this amount to be the group net profit.

There seems here to be one of those unfortunate blind spots to which those seeking to improve the presentation of accounts are prone.

#### Contingent Liability for Profits Tax

Any business earning profits incurs a contingent liability for profits tax on the undistributed proportion of those profits. Some investment analysers make allowance for the liability when calculating the earnings cover for the dividend and, looked at in the cold light of logic, they are correct to do so, even if it does seem rather other-worldly to assume that any business is going to distribute its profits up to the hilt. Most companies recognise this position, but seldom more than to the extent of appending a note to the accounts pointing out that such a liability does exist if ever the occasion should arise for profits retained in the form of reserves to be distributed to shareholders. *Blakey's Boot Protectors* is one of the exceptions. Here the position is laid out in full in the profit and loss account, the total tax charge of £109,258 comprising income tax £67,508, profits tax payable £15,050, and "Future liability to profits tax on undistributed profits," £26,700.

While the intention behind this method is admirable, it is not, we feel, the ideal way of dealing with the profits tax liability on undistributed profits. Certainly the sum at stake is definitely calculable each year, but it is not a definite charge against the profits of any particular year: if it were, it would mean that the company was paying out all its available profit in dividends. It follows that the net profit of £87,082 dealt with in the accounts of the parent company is being understated by £26,700, thus tending to give a false impression of the real profit which the business has at its disposal. The whole point about this contingent liability to distributed profits tax is that it becomes a valid consideration only if there is an immediate prospect of the reserves that

Table I

£		£	£
3,699,769	Trading profits, less losses, of the group, before charging amounts shown opposite .. . . . .	3,608,313	
—	Add: Losses less profits apportioned to interest of outside shareholders in subsidiary companies ..	53,459	
3,699,769			3,661,772

Table II

£	£		£	£
1,287,643	Balance being profit of the group for the year:			
(loss) 53,459	The Wall Paper Manufacturers, Limited		1,533,492	
1,234,184	Minority interests .. . . . .		39,777	1,573,269

have been built up being distributed to shareholders. Thus, while we favour the giving of some indication of what is ultimately at stake, the fact that it is, by and large, only a theoretical consideration for most businesses ought to be borne in mind: the Blakey's method tends to put a rather distorting emphasis upon the matter in that while it does show the maximum profit that could

possibly be distributed in dividends, it fails to make the distinction between that amount and the maximum profit that can be retained in the business for its future development.

To include the aggregate amounts set aside under this heading in the balance sheet along with other provisions labelled "Amount set aside for future taxation" only perpetuates the misapprehension that less well informed people could easily form. If it is considered desirable to include these sums under a separate heading in the balance sheet, then it would seem to be far better to set them under some such heading as: "Contingent liability for profits tax on undistributed profits," with, if necessary, a note giving a full explanation of how the item is arrived at.

## Readers' Points and Queries

### Capital allowances

*Reader's Query.*—(1) A taxpayer is not obliged to claim initial or annual allowances. Section 291, Income Tax Act, 1952, provides for a notional allowance if four conditions are fulfilled, one of which is "that a proper claim has been duly made." Where a claim is not made in any year owing to an insufficiency of profit, and subsequently the asset is sold, must the balancing allowance be reduced by the notional allowance in spite of the allowance (in respect of which the notional allowance is substituted) not having been claimed or made?

(2) Where a trader has balances of accumulated losses and capital allowances brought forward, has he any discretion to decide when these balances are to be used? For example: losses and allowances brought forward £2,000. Profit for year £500. Capital allowances for year £200. Can the £200 be utilised without disturbing the £2,000 brought forward?

*Reply.*—(1) Notional allowances are not taken into account in calculating a balancing charge or a balancing allowance. Reference to Sections 292 and 297, Income Tax Act, 1952, makes this clear.

(2) Capital allowances must always be deducted before losses. Reference to Section 323 shows that capital allowances are to be made as a deduction in charging the profits, that is, in arriving at the assessment, whereas Section 342 provides that losses are to be deducted from the profits assessed. It was for this reason that Section 344 (now repealed) was necessary when losses could be carried forward only for six years. That Section provided that any losses, which would have been

allowed had capital allowances not been deducted first, could be carried forward without time limit. The removal of the restriction on the time limit for the carrying forward of losses made the Section unnecessary.

### Loss Claims

*Reader's Query.*—"A" Company sustained a loss of £2,402 in the year ended December 31, 1955 (1956/57 assessment), and has capital allowance for that year of £1,840, making a total available loss of £4,242. The approximate adjusted loss for the year ended December 31, 1956, is £4,000.

"A" Company also owns 9,500 Ordinary shares in "B" Company, and "B" Company now proposes to make an interim dividend distribution for 1957 of 80 per cent. less tax, so that "A" Company will receive £7,600 less £3,230 tax, net £4,370.

It is proposed to make a claim on behalf of "A" Company for the tax suffered by deduction. Will the repayment of tax be limited to tax on £4,242, or can the whole of the £3,230 suffered by deduction be recovered?

*Reply.*—It should be pointed out that it is only unused capital allowances not exceeding those for the year of assessment that can be added to a loss for Section 341 purposes. Assuming that the whole of the capital allowances are so available, a repayment can be claimed on £4,242 only.

If "B" Company is a controlled company, it should be remembered that such a dividend distribution will have to be

continued in future if profits are available, otherwise there will be surtax directions.

If "A" Company owns 75 per cent. or more of the Ordinary share capital of "B" company, it will presumably be possible to obtain the relief for the loss by means of a subvention payment under Section 20, Finance Act, 1953.

### Schedule E—Car Expenses Claim

*Reader's Query.*—If a Schedule E taxpayer (for example, a commercial traveller) is required to provide himself with a car for the purpose of his employment, and a car expenses claim is made on his behalf for the excess of the actual expenditure incurred—road tax, insurance, maintenance, petrol, oil and the appropriate capital allowance—over the actual sums reimbursed (on a mileage basis) by the employer, can the Revenue authorities raise an assessment in any year(s) when the sums received from the employer exceed the actual expenditure incurred plus appropriate capital allowance?

I have in mind particularly the alternative methods ("straight line" or "reducing balance") of computing the appropriate capital allowances, as possibly affecting the expenses claim.

*Reply.*—It is often contended by Inspectors of Taxes that Rule 1 of the rules applicable to Schedule E (Ninth Schedule, Income Tax Act, 1952) is authority for charging an excess of an expense allowance over the necessary disbursements, since that rule says that tax under Schedule E is to be charged in respect of all salaries, fees, wages, perquisites or profits whatsoever from the office or employment. It is, however, very doubtful whether that view is correct.

It seems that, if it was correct, the provisions regarding directors' benefits would not have had to be passed. The position is unsatisfactory.

## Publications

**Basic Accounting and Cost Accounting.** By Eugene L. Grant. Pp. v+377. (*McGraw-Hill Book Company*: \$6.00 net.)

THE TITLE of this book implies no new exercise in accounting teaching once one is clear what the author means by "basic" accounting. And so it proves to be. It is a presentation of the essential principles of accounting in a reasonably concise form, written for persons who do not intend to become professional accountants (in the generic sense of that term), making a clear dichotomy of general accounting—that is, basic accounting—and cost accounting. One can readily accept the dictum that anyone in a responsible management position gains by having some understanding of accounting and one's expectation of a clear and non-technical exposition of those principles which might be of assistance to managers and others is increased when, in one of the opening pages, one reads the author's statement that "accounting and cost accounting are necessary tools of measurement in any effort to improve productivity within a given firm or industry." One hopes for a work which could help explain to the managers how the accountant translates into monetary terms such things as the value added to purchases through manufacturing processes, asset formation and standards of efficiency, without being immersed in the detail of setting up the figures.

Disappointment, however, is likely to ensue because the first part of the book, which deals with financial accounting, is in fact little more than a fairly detailed explanation of elementary book-keeping and the preparation of accounts. The flow-through of prime and adjusting entries in a double-entry system and the usual types of books and records maintained are the basis of the contents. The author is a Professor of Economics of Engineering and his layout of data and examples bear more the hall-mark of the engineer than the accountant, often with the advantage of clarity and economy. A comprehensive trial balance separating revenue and capital items is called a work sheet and perhaps this signifies what is in the author's mind.

The explanation of accounting fundamentals in the first part is said to provide a necessary background for the review

of cost accounting in the second part of the book. But the latter does not necessarily seem to be written for the same type of reader and is more a production manager's manual of costing theory. It has the advantage of giving the non-accountant technician a valuable and adequate background to the subject. Chapters separately describe the basic concepts of job, process and standard costing and of accounting for the principal direct and indirect constituents of cost. The material is well set out and the author's standard practice of getting all the explanatory entries applicable to a particular book-keeping operation on one page is to be wholly commended. The relationship between production and its cost accountability is not overlooked and will be of assistance to the person on the factory floor who tends otherwise to think of accounting as a nuisance, if not something of a peccadillo.

Finally, the book covers a small part of the field of business organisation, budgetary control, depreciation charges and the interpretation of financial statements and accounting figures. Each chapter ends with some questions for discussion and some problems, presumably because the author considers the best way for the layman to learn accounting principles is by solving numerical problems—an opinion not shared by the reviewer, particularly as far as the study of cost accounting is concerned. Few books on this subject seem to bring out how necessary it is to adapt cost accounts to the production and accounting procedures, rather than the reverse, or to show that no two systems are the same.

It is pleasing to see an index and the choice of print is excellent. Unfortunately, the book offers nothing really new to the plethora of accounting literature in the United States.

J.D.N.

**The Law of Stamp Duties (Alpe).** Twenty-fourth edition by Peter F. Whitworth and James Mackenzie. Pp. lxiv+525. (*Jordan and Sons, Ltd.*: 55s. net.)

THE TWENTY-FOURTH edition of this well-known work marks a welcome departure from the previous ones. The book has been entirely re-written in a most lucid and concise style. The rearrangement of the notes under subject headings facilitates rapid reference and the discarding of obsolete matter has made the book much more easy to follow. Numerous duties now obsolete have been relegated to an appendix. A

special section is devoted to Ireland. The book is copiously cross-referenced—a boon to those having to refer to it. The co-operation of Mr. Mackenzie of the Office of the Controller of Stamps ensures that the practice as well as the law is included. The book includes the law as at April 1, 1956, but a supplement has already been published to incorporate the effects of the Finance Act, 1956. The fact that this supplement runs to twenty-two pages indicates the care which the authors have taken. Accountants will find this a useful reference book. The reviewer has made several tests which have all been adequately satisfied.

H.A.R.J.W.

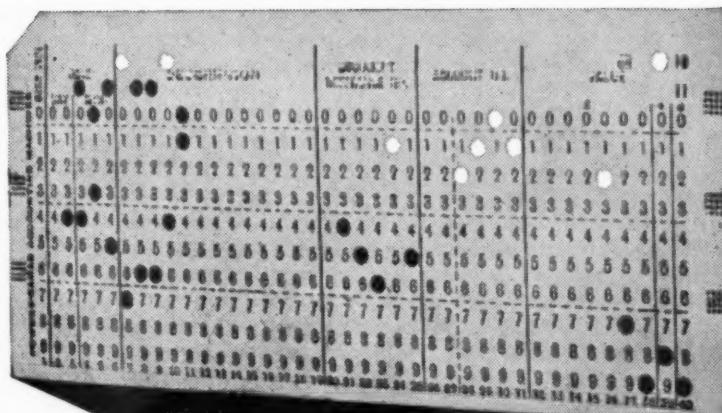
**The British Federation of Master Printers Costing System.** Twelfth edition. Pp. vii+137. (*The British Federation of Master Printers, 11 Bedford Row, London, W.C.I.*: 25s. net.)

THE PRINTING INDUSTRY has had a costing system for more than forty years; the recent new edition of the text book on the system is a welcome improvement on the previous editions. The book has been revised and redesigned with a new chapter giving an outline of the system to those making their first acquaintance with it.

The Federation costing system is a uniform one and the advantage of uniformity to an industry is obvious. The basis is job costing with hourly cost rates and the method of arriving at these rates is carefully explained. The distribution of expenses to the various departments or divisions of the business is fully set out and a detailed example is given in a loose appendix, a sheet neatly folded into a pocket in the binding. The sheet can be extracted and perused with ease, and it is a much better idea to produce the example in this form rather than tipping it into the book, as was formerly done, for that method always makes handling difficult.

In finding the full cost of each productive department of the business, the sum of productive wages and direct and indirect expenses, the system departs from the accepted term used to describe this total by calling it "labour cost"; the usage could be confusing if the term were used outside its context.

The Federation system comes down firmly in favour of including interest on capital employed as an item of cost. The rate recommended is 5 per cent. per annum; if the rate is used throughout the industry there is at least the merit of uniformity. In calculating costs, it is recommended that where premises are



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owned a notional rent should be included equal to the sum which would be paid as rent if the premises were rented and the book suggests that 5 per cent. of the current value of the premises may be used. This estimate of "current value" must vary in each particular business and it would seem that perhaps the use of the Schedule A assessment may be a more practical method of getting at a notional rent. The treatment of depreciation is clearly defined and the "diminishing balance" method is used, based on the "working value" which "is the present day cost of replacing an asset in its existing condition." This chapter on depreciation is interesting in view of the controversial nature of the subject.

The final chapter is given to the important matter of reconciliation of the cost with the financial accounts and the use which can be made of the system as an aid to management. It also stresses the necessity of up-to-date figures at frequent intervals if the business is to be run to the best advantage.

This is a well-written book and, as is only to be expected in view of the industry served, is attractively made up.

G.D.A.

**Financial and Cost Accounting for Management.** By A. H. Taylor, M.C., A.A.C.C.A., and H. Shearing, A.A.C.C.A. Pp. 247. (Macdonald & Evans, Ltd.: 25s. net.)

THIS BOOK IS apparently intended as a guide not only to students but also to managers. This dual purpose makes the apportionment of matter difficult. The executive may be less interested in the mechanics of accounting than in the control data produced, while the student will also be largely concerned with the procedures and techniques of the accounting. The authors have nevertheless succeeded in giving instruction and guidance to both classes of readers. And—a great merit—the presentation is clear and intelligible to laymen.

In its eleven chapters the book deals with principles of accounting; final accounts; depreciation; financial accounting as an aid to management; cost accounting and budgetary control. There is a wide array of topics, though some are necessarily covered only in outline. Suggestions are provided for further reading.

The sections of the book on cost accounting and budgetary control are somewhat limited. The creation and operation of standard costing techniques might well be more extensive. Important factors demanding treatment

are the control of production-loss; the assessment of labour requirements by time standards; the revelation of overhead recovery via product standard costs; and the promotion of remedial action by variance analysis.

Proper emphasis is laid on the necessity for interim accounts: control demands short-period reports. The use of ratios is briefly mentioned, but we are not shown how ratio-analysis is used in practice to reveal how a growth in total assets employed is being financed, as between internal and external sources of funds. The existence of various concepts of profit is recognised, and they are related to "capital employed," among other bases.

H.D.

on subsequent pages first by termination, then by holding out and then by agency or necessity.

Moreover, there are signs that the authors are prone to repeat the jargon of older textbooks. We are given the definition (without explanation) of consideration from *Currie v. Misa*. The student is told that the *ratio decidendi* is the reason for the case and that *obiter dictum* is something said by the way. No doubt these statements are narrowly true, but will the student understand them when he repeats them in examinations?

There are passages in the book which are so slight as to be useless. What, for instance, will the student make of the definitions of the various crimes on page 84?

Finally there are a few bad errors. For instance, we are told that "when a company wishes to have shares of different classes they must be specified in the capital clause."

The reviewer asks the authors radically to reconstruct the book for a second edition. Why not eliminate the mass of detail given and concentrate on the principles of English law with adequate explanation? If this change were made the book would adequately serve the needs of accountancy students. J.L.G.

**Market Research Methods in Europe.** By the Organisation for European Economic Co-operation. Pp. 189. (Obtainable in the United Kingdom from H.M. Stationery Office: 9s. net.)

THE PURPOSE OF this study is to report on the use of market research in Western Europe, and at the same time to examine how it may help to increase productivity. A greater degree of success is achieved in the first respect than in the second. Nevertheless the businessman can obtain from this book a brief and useful summary of how market research can assist him in his business. A wide range of topics is touched upon, the term "market research" being interpreted in its widest sense from, at one extreme, the processing of internal financial data to, at the other extreme, the full-scale sample survey. There is also a short section in non-technical language on the use of mathematical methods in economic forecasting.

Part of the study is suitable only for the person actively concerned with market research, but for the student several appendices clearly set out the stages of a sample survey. There is a useful glossary of important terms in English, French and German, together

with a bibliography of books and articles on the subject by European authors. For a modest sum one may here obtain a practical and comprehensive introduction to a subject on which little has been written for the general reader.

A.R.I.

**Palmer's Company Precedents, Part I—General Forms.** Seventeenth edition. Edited by R. Buchanan-Dunlop; consulting editor, K. W. Mackinnon. Pp. civ + 1,293. (*Stevens & Sons, Ltd.*: £7 7s. net.)

THIS STANDARD GUIDE and reference book now appears in a drastically re-edited form and becomes more than ever indispensable. Mr. R. Buchanan-Dunlop, with the assistance of Mr. K. W. Mackinnon as consulting editor, has put aside much of the text of the last edition that did not refer solely to companies—for example, the material on agreements, powers of attorney, the practice of the courts and some forms of general application. In further pruning, a chapter on arrangements and compromises has been taken out of the present volume and will be added to the companion-volume (Part III), which at present deals only with debentures.

In its new look, *Palmer* now contains citations of more than 700 additional English, Scottish and Irish cases, with new notes and references to more than 750 decisions in Commonwealth countries whose company law is in some degree derived from that of England and Scotland.

Here are nearly 700 general forms to be used in company work—formation, prospectuses, agreements, memoranda of association, articles of association (the largest section with some 300 pages), private companies, share rights, general meetings, and so on. The whole is liberally interpreted and explained, and it is good to find that the notes are now in a different type face from that used for the forms—as in our review of the previous edition we suggested they should be. There is, as is essential in a work of this kind, an excellent index.

L.H.

**Education and Training in the Field of Management: A Conspectus of Courses.** Third Edition. Pp. 263. (*British Institute of Management, 8 Hill Street, London, W.I.*: 21s. net.)

THE BRITISH INSTITUTE OF MANAGEMENT has issued in one volume, after revision, the information originally published in two volumes in 1953 and 1954 (see

ACCOUNTANCY, October, 1953, page 314, and September, 1954, page 340). The present volume is in four parts, of which the first is a tabular index of universities, colleges, professional bodies and other organisations, with their addresses and short particulars of their courses or examinations in management subjects. Fuller descriptions of courses are given in Part II, which is classified by subjects. Part III gives extracts from syllabuses of university courses. Part IV is devoted to examining bodies, giving the full syllabuses of those whose requirements are closely related to those of the national scheme of management studies, and extracts from other syllabuses, including those of the professional accountancy bodies.

The book should indeed prove "a comprehensive and helpful first source of reference for managers, training officers, teachers, students and others interested in management education."

A.H.P.

**Handbook of Industrial Engineering and Management.** Edited by W. G. Ireson and E. L. Grant. Pp. viii + 1,203. (*Prentice-Hall, Inc., Englewood Cliffs, N.J., U.S.A. Distributors in the United Kingdom: Bailey Bros. and Swinfen Ltd., London*: £6 4s. net.)

"INDUSTRIAL ENGINEERING and management," as covered in this large volume, include such topics as time and motion study, production control, plant layout, materials handling, tool engineering, industrial budgeting, standardisation, safety engineering, industrial hygiene, quality control and industrial statistics. It also comprehends the economics of management, operational research, "industrial climatology" (factors in the siting of factories) and labour problems. The various sections, almost all written by American authorities, are self-contained, and each may be taken as a text of manageable dimensions written for readers who, while they are probably experts in some other of the fields embraced by the book, seek instruction in the particular subject—very probably because they are encountering it in their everyday work. Thus, an accountant in industry may well find himself so placed that he needs an informed and comprehensive primer on, say, time and motion study or quality control or the planning of factories. In this volume he would find what he sought—usually in the space of no more than 50 pages.

Most of the contributions have the salient virtue of being firmly practical in their approach, copiously illustrated

with diagrams, tables, charts or forms and supplemented by good bibliographies.

One of the most stimulating of the sections is by a British author, Mr. A. W. Swann, on operational research in industry. Here are assembled case histories in "O.R." contributed by British and American authorities. In truth, what we are here given are exhibits from the pioneering years of what is probably destined to become the brain-centre of modern industrial enterprises.

L.T.L.

**The Conduct of and Procedure at Public, Company and Local Government Meetings (Crew).** By T. P. E. Curry, M.A., Barrister at Law. Pp. xvi + 276. (*Jordan & Sons Ltd.*: 15s. net.)

CREW'S *Procedure at Meetings* needs no introduction to the student of secretarial practice; for many years it has been recognised as the standard work for professional examinations, and it provides a valuable reference work for the practising secretary. This latest edition broadens the scope by the inclusion of references to a number of new statutes relating to local government meetings, and also deals with the Defamation Act, 1952.

The general form of previous editions has been maintained and the book is divided into three parts: the general principles relating to meetings, company meetings and local government meetings. Part one is mainly of value to students. Those preparing for examinations would find it easier to remember and understand the decisions in the numerous cases cited if some of them contained brief details of the facts leading up to the decisions. As the Defamation Act, 1952, is not reproduced as an appendix, some further elaboration of the contents of this statute might conveniently be incorporated in chapters 8 and 9.

Meetings under the Companies Act are well covered in part two and clear, concise treatment is given to such aspects as notices, quorum, proxies and voting rights. This is the section which will appeal most to the practising company secretary and accountant and the forms of notices, agenda, minutes and so on in the appendices will be of value to the newcomer to this type of work. It is, however, regretted that the author does not deal in greater detail with the pitfalls in the preparation of agenda and minutes, as surprisingly few students are capable of carrying out this everyday secretarial task satisfactorily. It should also be noted that the specimen notices

for annual and extraordinary general meetings on pages 248 and 250 omit the statutory statement on the rights of members to appoint proxies.

Apart from these minor points, the present author has succeeded in maintaining an excellent standard in a book that has earned a high reputation extending over more than fifty years. The inclusion of nearly 150 questions from secretarial examination papers is most valuable to students, although it is perhaps unfortunate that the publication has coincided with a change in the syllabus of the Chartered Institute of Secretaries.

A.K.M.

**Taxes, Tariffs and Subsidies.** By J. Harvey Perry. Two volumes. Pp. ix + 324 and pp. xi + 439. (*Toronto University Press, Toronto, Ontario, Canada; Oxford University Press, London*: £10 net.)

THIS MONUMENTAL WORK, the product of years of research by the former director of the Canadian Tax Foundation, is an encyclopaedic collection of detailed material on a welter of taxes, tariffs and subsidies (*anglice*, grants) in the municipalities, provinces, and federal government of Canada. It will be mainly used as a reference book by those seeking information on the facts and history of particular imposts or grants in the Dominion and for all who so use it the work will be invaluable. The text is so detailed and the factual material so closely-knit that few will wish to read right through more than the individual chapter or two in which they happen to have some particular occasional interest.

Mr. Perry has done a research so formidable that it would be churlish to suggest that he should have added anything to what he has brought together with stupendous industry in these two volumes, but students of public finance will regret that he did not devote himself rather less to the collection of data and rather more to its interpretation. For example, any one thinking about the possibility of the imposition of a sales tax in the United Kingdom might turn to the book for edification on the general merits and demerits of sales taxes, as shown in the Canadian experience—but he would close these two heavy volumes quite unenlightened, having acquired only a mass of historical facts, most of them quite minute.

Nevertheless, some general lessons stand out. The most important is probably that when a new country is rapidly opened up and also (perhaps as a corollary of the opening up) has a federal

constitution, its taxation system is liable to become a most confused kaleidoscope of multitudinous taxes, large and small, under divided jurisdictions. That the Canadian system has now become slightly more orderly is largely ascribable to the exigencies of the last war.

F.R.A.

**Statistical Sampling for Auditors and Accountants.** By Lawrence L. Vance, PH.D., C.P.A., and John Neter, PH.D. Pp. x + 310. (*John Wiley & Sons, Inc., New York; Chapman & Hall, Ltd., London*: 72s. net.)

HERE IS A NEW book. Here is a challenging book. Here, indeed, is a book to be read and studied. Yet I am afraid the busy practitioner will pick it up, see formulae scattered throughout its pages, and put it down again. If he does, it is his loss. And one day he will have to make it good. For the accountant in commerce and industry, the internal auditor, and the consultant are bound to exploit—if they are not already exploiting—the wealth of opportunity and profit awaiting the application of statistical sampling techniques to auditing procedures.

Lawrence Vance, Professor of Accounting at the University of California, and John Neter, Associate Professor of Statistics at the University of Minnesota, make their exploitation of these techniques within these covers. Their terminology is American, which is refreshing. Their terminology is also statistical method, which is (almost) disclaimed. "Designed for the reader with little background in statistics," says the blurb. But you understand that the coefficient of variation "merely expresses the magnitude of the standard deviation ( $\sigma$ ) relative to the mean of the population ( $\mu$ )" and that, in some circumstances "the distinction between discrete and continuous variables . . . is of little practical importance." It is helpful that you do.

From stating some basic concepts of statistical sampling techniques, this work proceeds to an assessment of decision making based on acceptance sampling plans—the desirable acceptable quality level (AQL) and the lot tolerance per cent. defective (LTPD), with their attendant risks. Published tables of these plans are given, and analysed; and space is devoted to the calculation of similar plans for specified quality assurances. While emphasis is placed on the practical rather than the theoretical aspects of statistical sampling techniques, it is acknowledged that their application to

auditing procedures is not an easy one. A limited experience has not indicated in a definitive manner how these auditing formulations should be made in order to provide significant results, but such experience—and experiment—is called upon, including some results from Britain and Australia.

It is perhaps indicative that one who was formerly an internal auditor with a large British manufacturing concern reports satisfactory results with error rates of 0.5 per cent. AQL with 3 to 5 per cent. LTPD, which corresponds with figures of 0.5 per cent. and 3 per cent. reported by an American public accounting firm in auditing a large municipality.

There is a valuable survey of control through acceptance sampling plans, supported by actual case illustrations. The success of control charts, one remembers, was noted by our own Professor M. G. Kendall in a lecture a year ago. He told the story of seeing the famous Ford production line at Detroit, and of being gratified to see control charts everywhere; apparently there had been some resistance on their inception, but in the first trial year they had saved the company a million dollars. There was no more resistance.

Much is to be gained from the part of the book dealing with estimation techniques, and those who wish to take advantage of the economy and speed offered by statistical methods—in particular with regard to the use of random numbers tables—will find how to do so.

Every chapter in the book has an introduction, and concludes with a summary and a table of references. The production matches the quality of its contents—it is a John Wiley publication.

C.A.P.

**How to Retire Successfully.** By Carlton Wallace. Pp. 160. (*Evans Bros. Ltd., London*: 10s. 6d. net.)

THE AUTHOR HAS put together in ordered manner many tit-bits of information, to form a small book as useful to those in early middle-age—for, as the author insists, retirement should be thought about and planned well in advance—as to those who have reached the stipulated or chosen age of withdrawal from full-time labour. The information is laid out under four main heads—finance, health, place of retirement and occupation in retirement. Looked at in isolation some of the information ("some thinning of the hair is quite common during later years") may

seem somewhat jejune but in collected form it amounts to a book of friendly and practical advice, strongest perhaps on the financial side.

L.T.L.

## Books Received

**The 1956 Income Tax Legislation in the Federation of Rhodesia and Nyasaland.** By A. S. Silke, M.COM., C.A.(S.A.). Pp. 151. (*Juta & Co., Ltd., Cape Town. Agents in Gt. Britain: Sweet & Maxwell. Ltd.: 52s. net.*)

**Leicester's Finances, 1955/1956.** Pp. 376. (*City Treasurer, Leicester.*)

**Road Traffic Offences.** Being a second edition of **Road Traffic Prosecutions.** By G. S. Wilkinson, Solicitor. Pp. xxxix+276. (*The Solicitors' Law Stationery Society. Ltd.: 35s. net.*)

**Green's Death Duties—Fifth (Cumulative) Supplement** to the third edition. By C. D. Harding, LL.B. Pp. xiv+102. (*Butterworth & Co. (Publishers), Ltd.: 12s. 6d. net. Complete work 75s.*)

**Tax Cases.** Reported under the direction of the Board of Inland Revenue. Vol. 36, Part 7. (Pages 455-526.) (*Her Majesty's Stationery Office: 3s. net.*)

**West Sussex—Local Government Financial Statistics, 1956/1957.** Pp. 55. (*County Treasurer, County Hall, Chichester.*)

**Return of Outstanding Debt (England and Wales) as at March 31, 1956.** Pp. 97. (*Institute of Municipal Treasurers and Accountants, 1 Buckingham Place, London, S.W.1: 7s. 6d. post free.*)

**Congrès de Bruxelles, 1955. Co-ordination Economique.** Pp. 443. (*Union Européenne des Experts Comptables Économiques et Financiers (U.E.C.), Brussels.*)

**County Council of Northumberland. Abstract of Accounts for the Year ended March 31, 1956.** Pp. 246. (*County Treasurer, County Hall, Newcastle upon Tyne.*)

**County Borough of Walsall. Facts and Figures.** A Summary of the Town's Finances for 1955/56. Pp. 45. (*Borough Treasurer, The Council House, Walsall.*)

## Notices

A series of six lectures on **Organisation and Methods** will be given on Monday evenings, starting on February 18, under the auspices of the Office Management Association. The lectures are intended for senior executives who need an introduction to the technique of the work. They will be held at the offices of the Federation of British Industries, Tothill Street, London, S.W.1. The inclusive fee is £2 5s.

The new science of **cybernetics** studies communication and control in the animal and in the machine, and its pursuit may lead to the reproduction by mechanical and electronic methods of the thinking, learning and discriminating aptitudes of the human brain. *The United Steel Companies Ltd.* is setting up a new central department on cybernetics and operational control. The head is Mr. Stafford Beer, formerly production controller to Samuel Fox & Co. Ltd., one of the United Steel subsidiaries.

**The Accountants' Christian Fellowship** will hold the following meetings in February: **February 4.** Meeting for Bible reading and prayer. The scripture will be Matthew, Chapter 13, verse 44—the parable of the finding of the treasure. In the vestry at St. Mary Woolnoth Church, King William Street, London, E.C.3, at 6 p.m. **February 22.** Film *Facts of Faith*, followed by the annual general meeting. At Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, at 6 p.m.

The American management consulting organisation of George Fry & Associates, Inc., announces the formation of **George Fry & Associates International Ltd.** to serve business and industry in Europe, the Middle East and the Far East. A European office is

being opened in Frankfurt, Germany. Co-ordinating headquarters will be maintained in New York. American team leaders will work in conjunction with business specialists in each country.

A one-week course in **Management and Profitability in the Multiple Grocery Field** is announced by Urwick, Orr & Partners Ltd., management consultants, 29 Hertford Street, Park Lane, London, W.1. The course is residential, and will be held at Slough, Bucks, from March 11 to 15, at an inclusive fee of fifty guineas. Twenty places are available. They will be allotted only to senior executives from grocery concerns with ten or more shops.

**Automatic Computers in the Field of Accountancy and Banking** will be the subject of a special course of six lectures, each followed by discussion, to be held on Thursdays, February 28 to April 4, from 7 to 8.30 p.m., in the Polytechnic, Regent Street, London, W.1. The course is intended for professional accountants, cost accountants, senior executive staff with statistical duties and senior staff of branch banks. The fee is 11s.

**Electronic methods for hire purchase finance** are described in a recent issue of *The Tabulator*, the house journal of the British Tabulating Machine Co. Ltd. About 120,000 current accounts are kept up to date by Bowmaker Ltd., Bournemouth, on Hollerith punched cards, with an electronic multiplier to deal with payments and arrears. Hirers are supplied with pay-in books of pre-punched cards for presentation at a bank on payment of cash. These cards are then sent to Bournemouth to be associated with the corresponding account balance cards.

A number of **electronic computer courses** are to be held during 1957 by Remington Rand Ltd. Among the courses are separate ones for top management, for senior executives, for junior executives, for programmers and

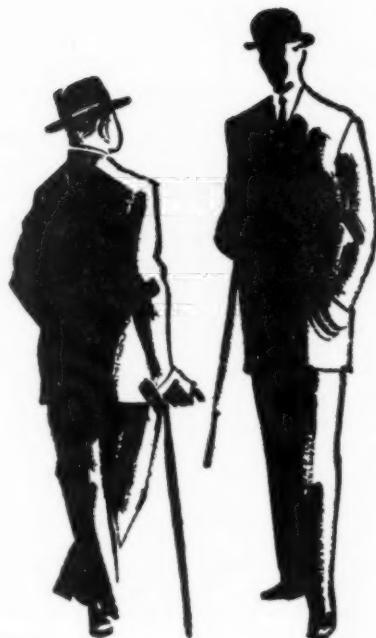
for engineers, mathematicians and scientists. The courses will be given in various centres in Great Britain and in Frankfurt, Western Germany. They range from one day to twenty days in duration and fees are four guineas per day. Application forms for enrolment may be obtained from the Director of Training, British Univac Courses, Electronics Division, Remington Rand Ltd., 1-19 New Oxford Street, London, W.C.1.

**Messrs. Leslie Melville & Co.** announce that they have removed to Winchester House, 19 Bedford Row, London, W.C.1.

Mr. G. F. Morris succeeds Mr. W. F. Cresswell, C.B.E., who has retired from his post as Senior Official Receiver in the Bankruptcy (High Court) Department of the Board of Trade.

**The Institute of Cost and Works Accountants** has made an agreement with the University of Bristol on similar lines to those already reached with the Universities of Birmingham and London. The Institute will exempt from Part I of its Intermediate Examination graduates who have taken the B.A.(Econ.) degree with accountancy in the first and final parts of the course, or the B.A. special degree in economics with a special study of accountancy. It is hoped that similar arrangements may be made with other universities.

An electronic digital computer the size of an ordinary office desk is to be marketed by Burroughs Corporation under the name of the **E.101**. It is designed to be in price and performance midway between low-priced manual calculators and high-priced large computers. Programming and operation require no specialised training. The computer will be used mainly for engineering and scientific applications: no accounting uses are as yet claimed for it. Its price in the United States, where 70 computers are now working, is between \$35,000 and \$45,000.



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# BARCLAYS BANK LIMITED

## A Favourable Result

### STEADY INCREASE IN NUMBER OF ACCOUNTS

#### Mr. A. W. Tuke's Address

The Annual General Meeting for the year 1957 of the Stockholders will be held at the Head Office of the Bank, 54 Lombard Street, London, E.C.3, on Wednesday, 6th February, 1957.

Capital Issued £22,964,703: Reserve Fund £19,000,000: Current Deposit and other Accounts £1,412,924,049  
(1955—£1,390,036,409)

Investments £475,688,578  
(1955—£447,145,207)

Advances £368,535,766  
(1955—£358,307,384)

Net Profit £2,917,112 (1955—£2,645,381)

The following is an extract from the Address of the Chairman, Mr. Anthony William Tuke, circulated to the Stockholders:—

#### Profits in 1956

The increase in the Bank Rate at the beginning of the year to the abnormally high figure of 5½ per cent., with corresponding increases in the rates which we earn on certain of our assets, has had the effect of enabling us to show a substantially increased profit in respect of the year's working. These results, if not the underlying reason for them, are naturally a matter of considerable satisfaction to the Board, but it is necessary, I think, to sound a note of caution regarding their permanence. Costs, of which by far the largest proportion represents payments made to or on account of the Staff, have continued to increase, and this increase has not been due, except very indirectly, to the factors which have caused the increase in our gross income. When these factors no longer operate and money rates return to normal the increased expenses will probably still remain, and if profits are to be maintained at their higher figure we shall have to rely upon increasing business and greater efficiency. Fortunately, we have plenty of scope for increasing our lendings, which are our most profitable asset, as soon as we are no longer obliged in the national interest to curtail them. As Stockholders will observe, we have used the additional profit to increase our transfer to Reserve Fund on this occasion from £1,000,000 to £1,250,000, which we regard as prudent in the circumstances, and we are recommending a repetition of the same payment to Stockholders as a year ago, although there is a slight difference in its form, which is explained in the Directors' Report.

#### Balance Sheet Figures

If we examine the Balance Sheet, we shall find that the deposits stand at £1,413,000,000 compared with £1,390,000,000 a year earlier, but a comparison on the twelve monthly balance dates in 1956 with the corresponding dates in the previous year reveals that, on the average, current and deposit accounts have fallen by approximately £20,000,000. The further effect of the credit squeeze is more directly disclosed in the fall of £36,000,000 in the monthly average of our advances to customers bringing them down to only 27 per cent. of our average deposits. On average our liquidity increased; so much so that throughout 1956 our liquid assets have formed the largest of the three main items on that side of the Balance Sheet, in spite of the fact that we have increased our investments substantially during the year. This excessive liquidity has been possible only because there has been such a plentiful supply of Treasury Bills arising mainly from the expenditure by the Government of borrowed money, and it means, in effect, that monetary management, which some critics deride, has not yet been really put to the test in modern conditions. In this respect our position is very different from that of most of the banks in the United States and Canada, where the liquidity position has become much tighter, largely owing to the very heavy demands for bank lending, and where, in consequence, the banks have become much more susceptible to monetary policy.

#### Finance for Exports

In recent years we have felt justified, in view of the relatively low proportion of our advances, in stretching our normal practice by giving consideration to a number of propositions for the provision of medium-term finance for the export of capital goods. This business is of the highest importance to the expansion of export markets, and this is recognised by the fact that the Government, through the Export Credits Guarantee Department, are prepared in approved cases to guarantee the eventual fulfilment of the buyers' contracts. During the past two or three years we have considered propositions of this character to the value of many millions of pounds, and have assented in principle to a large number of them. Unfortunately much of this business does not materialise for one reason or another, and the amount which we have outstanding under this heading at the present time is quite small.

#### The Volume of Work

The number of accounts open with the Bank continues to grow steadily year by year, and this is especially marked in the current accounts which have risen in number by over 50 per cent. since before the war. The activity on these accounts has increased to an even more marked extent. The number of cheque forms issued to customers for their use each year is estimated at about 150 millions. The amount of cash paid out over our counters is approximately £2,000,000,000 per annum, all of which must first have been received by the Bank from customers or from other banks. This might be greatly reduced if the Truck Acts are amended. But even if it is made lawful to pay wages by cheque, the adoption of this method on a large scale would give rise to problems of a far reaching nature, and it is questionable whether such schemes will be of much value to the community as a whole if the cheques are immediately converted into cash. This is a matter which requires full consideration before any action is taken. Our Clearing Department at Head Office may handle in the course of a single busy day as many as 750,000 cheques drawn on Barclays Bank; and that does not include the very large number which are exchanged locally without coming to London. It will therefore easily be understood how greatly we are interested in the Bill which is now before Parliament for rendering unnecessary the endorsement of the great majority of these cheques. Provided that various questions relating to the liability of the collecting and paying banker can be satisfactorily disposed of, we shall welcome the considerable saving of time and effort which are now expended by our Staff in the examination of endorsements. In saying this I must add that, contrary to a rather fantastic estimate which has been published and frequently repeated, I cannot foresee any substantial monetary saving to the banks, as this could come about only through a large reduction in Staff as a result of the change, which does not appear to be probable.

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Copies of the Directors' Report containing the full text of the Chairman's Address may be obtained from Barclays Bank Limited, Room 164, 54 Lombard Street, London, E.C.3.

(Advt.)

# Legal Notes

## Company Law—

### Restoration of Company to Register

**In Re Donald Kenyon Ltd.** [1956] 1 W.L.R. 1397. D.K. Ltd., a private company, carried on business as builders until 1940, when mortgagees entered into possession of some uncompleted houses which were the only assets of the company. The company then ceased to carry on business and in 1949 it was struck off the register by the Registrar pursuant to Section 353 of the Companies Act, 1948. Subsequently the mortgagees sold the houses and held a surplus of some £2,000. A shareholder now petitioned for the restoration of the company to the register and for its winding-up by the Court.

The only point of difficulty was caused by a statement in the petition that: "It is apprehended that all the debts of the company at the time of its dissolution have since become statute-barred." This, in the view of Roxburgh, J., implied that there might have been debts that were not statute-barred at the time of the dissolution. Accordingly, as it had been decided in *Tymans Ltd. v. Craven* [1952] 2 Q.B. 100, that as far as possible restoration to the register should produce an "as-you-were position," his Lordship decided to put in the order for restoration a proviso that in the case of creditors who were not statute-barred at the date of dissolution the period between the date of dissolution and the date of restoration should not be counted for the purposes of any Statute of Limitations.

## Contract and Tort—

### Invalidity of Unsealed Contracts Made by Corporation

From very early times in English law there has been a general rule that an unsealed contract is not enforceable either by or against a corporation. There have always been certain exceptions to this rule: if, for example, the contract relates to matters frequently recurring or too insignificant to be worth the trouble of affixing the common seal. There are also important statutory exceptions. But the extent to which the original rule still survives was shown recently in *A. R. Wright & Son Ltd. v. Romford Borough Council* [1956] 3 W.L.R. 896.

In that case W. Ltd. alleged that they

had made a contract in writing with the Council for the demolition of certain premises and that they had suffered damage as a result of the repudiation of the contract. The Council took the preliminary point that the contract was not enforceable as it was not under seal, and W. Ltd., replied that the common law rule was in this case displaced by two statutory provisions.

First, by the Law of Property Act, 1925, Section 74 (2), "the Board of directors, council or other governing body of a corporation may, by resolution or otherwise, appoint an agent either generally or in any particular case, to execute on behalf of the corporation any agreement or instrument not under seal in relation to any matter within the powers of the corporation." W. Ltd. contended that the contract was valid under this sub-Section because it had been signed by the borough engineer with the authority of the Council; but the Lord Chief Justice ruled against this contention on the ground that the sub-Section authorised the Council only to appoint someone to sign on their behalf if the contract would be binding on the corporation in the absence of a seal.

The second argument by W. Ltd. was that the contract was binding under Section 226 of the Local Government Act, 1933, because it had been made in accordance with the standing orders of the Council. As to this his Lordship said that the Section expressly provided that persons contracting with the Council were not concerned to see that the standing orders had been followed. Standing orders dealt with the internal affairs of the body making them. A contract otherwise valid would not be invalidated by a failure to comply with standing orders and equally compliance with standing orders would not validate a contract that was otherwise invalid.

There must now be in existence many thousands of contracts which under this decision must be regarded as invalid, and it is to be hoped that the matter will be tested in the Court of Appeal.

## Contract and Tort—

### Legal Effect of Car Registration Book

Prudent people have long realised that it is unsafe to buy a second-hand car unless the purchaser is able to deliver the registration book. The Court of Appeal in *Central Newbury Car Auctions Ltd. v. Unity Finance Ltd.* [1956] 3 W.L.R. 1068 has now shown that even the registration book does not necessarily make a purchase safe.

A plausible gentleman called C.

entered N.'s premises and offered to buy a car on hire purchase. He filled in an application form for submission to a finance company, and handed over another car in part payment. (Incidentally, it was subsequently discovered that C. had no right to sell this second car.) Before the finance company had accepted the offer, N. somewhat unwisely handed over to C. the car and the registration book. The finance company quickly made some inquiries about C. and, finding the replies most unsatisfactory, refused the offer. N. could not find C., but he did eventually trace the car, which had by then been sold by C. or by someone acting on his behalf to M. The point in the case was whether or not by allowing C. to take possession of the car and of the registration book N. was estopped from denying C.'s authority to sell the car to M.

The Court by a majority held that N. was not estopped and could still claim to be the true owner of the car. The mere handing over of a chattel to another person did not create an estoppel unless that other person was also given a document of title or some other sign of ownership. The primary purpose of a car registration book was to show who was liable to pay for the road fund licence: it was not a document of title, and, as each page had printed upon it "The person in whose name a vehicle is registered may or may not be the legal owner of the vehicle," production of the book did not show that the person producing it had authority to deal with the car as owner.

## Executorship Law and Trusts—

### Former Administrator Liable to Render Inventory and Account

By Section 25 of the Administration of Estates Act, 1925, "the personal representative of a deceased person shall, when lawfully required so to do, exhibit on oath in the court a true and perfect inventory and account of the real and personal estate of the deceased." It has long been recognised that this Section applies to a person who takes out a limited grant after the effluxion of the time or upon the accomplishment of the event pending which the limited grant was made, but until the recent case of *In the estate of Thomas deceased* [1956] 1 W.L.R. 1516 it was not quite clear whether the Section also applied to a person who took out a full grant but whose grant was subsequently revoked as a result of a probate action. Karminski, J., has now held that the Section does apply to such a person.

**Miscellaneous—****Adjournment of Mortgagee's Claim to Possession**

Under a practice direction, when a mortgagor is in arrear with any instalments due under the mortgage and the mortgagee claims possession, if the Court is of opinion that the mortgagor ought to be given an opportunity to pay off the arrears, the Court has power to adjourn the summons for possession on such terms as it thinks fit. The extent of this power to adjourn was considered in *Robertson v. Cilia* [1956] 1 W.L.R. 1502. The mortgagor in that case was entitled to pay off the principal by instalments provided that he observed

all the covenants and conditions of the mortgage. Owing to a misfortune he fell into arrears and lost his right to pay off the principal by instalments; the mortgagee then called in the mortgage money and in due course issued a summons for possession. By the time the summons was heard, the mortgagor had paid off the arrears, but owing to the credit squeeze he could not put forward any offer to pay off the whole of the principal within two or three months, the period for which the mortgagee was willing to wait for her money. The mortgagor accordingly asked that the summons should be adjourned for a year in the hope that the credit squeeze would then have lessened and he would

be able to pay off the loan. The mortgagee resisted this because she was herself being pressed to reduce her overdraft.

Upjohn, J., said that he certainly had power to adjourn the case for a reasonable period to give the mortgagor an opportunity of making some offer acceptable to the mortgagee and, if necessary, trying to find means of discharging the loan altogether. But in this case he had no acceptable offer to make and it would not be right to postpone indefinitely the hearing of the mortgagee's claim for possession or to force her to accept repayment of the loan by instalments. He therefore refused to adjourn the case further.

## The Student's Columns

### I—STANDARD COSTS

COST ACCOUNTING FULFILS a number of specific functions falling into four major and overlapping categories.

(a) The financial category—the furnishing of costs of (i) unit products; (ii) standing orders; and (iii) service orders.

(b) The marketing category—the furnishing of information about distribution costs and of data for making estimates and for tendering. Included in this category of functions might be the provision of information on the relative profitability of different lines and for the formulation of selling policy.

(c) The operating category—the furnishing of information to assist in the economical management of the internal operations of the business. Apart from the provision of departmental and operational costs, this category of functions includes the cost accountant's work in the preparation of appropriate standards for measuring efficiency. It includes also his work in the controlling of performance and expenditure by the comparison of current costs with standard costs. This control by costing highlights the cost of waste and idleness and so makes management and employees cost-conscious.

(d) The general category—the furnishing of information that will have an over-all effect on the activities of the business by reason of its assistance in (i) the formulation of general policies and plans; (ii) the preparation of the various budgets; and (iii) the tabulating of the costing aspects of all major decisions.

Costs are evaluated, not through actual performance alone, but by comparison with a yardstick—the standard costs—and by the pinpointing of reasons for the deviations. These deviations or "variances" present a challenge

which, if taken up, will result in savings. "Standard costs foster an optimistic attitude, they state that better performance is possible and attainable . . . they encourage a striving for perfection."

Standard costing has, therefore, many advantages. It provides an index of efficiency. It makes information about actual costs more useful by showing where they fall "out of line." It focuses attention on the source of cost rather than on the actual cost; it directs attention to the exception, the things that most need attention. It may well be that the mere setting of standards may bring to light wastes of time and material that might have been occurring for years without being previously detected.

What should the standard represent? Most accountants would favour taking as standard the "normal"—what the cost ought to be if production were at normal attainable efficiency. The average of past costs gives no standard at all, as it contains the mistakes and savings of the past. There is something to be said for taking the lowest cost that has ever been attained in the past, but it may have resulted from freak circumstances. Ideal cost at maximum efficiency is another possible standard—variances will represent the total cost of inefficiency, since no allowance for inefficiencies and waste is included in the standard. But to set such a standard is tantamount to seeking the impossible. Standards should be more lenient, based not on the best hypothetical performance but on a good realistic performance, somewhat above the average within experience, but not above what has actually been reached at some time in the not remote past, high enough to avoid complacency, yet low enough to be capable of attainment and to comprehend minimum

losses. The standard is well described by one writer as "a sort of manufacturing heaven—distant, desirable and yet attainable."

The setting of standards demands care, if cost reduction is to be promoted and the formulation of manufacturing and selling policies assisted. The proper setting of standards involves more than estimating or assuming the cost of a series of operations. It is necessary to survey and examine from beginning to end the various operations in the business; the task must of necessity be divided amongst those best able and qualified to perform it. The technical staff determines standards for depreciation, repairs and power consumption; the purchasing department gives standard prices of materials and other bought-out items; wage standards may be those recognised by the unions. The accountant will have little to do with the actual setting of standards, but he should be familiar with the manufacturing operations so that he does not make the obvious blunders. He is in close association with the people responsible for plant, sales, purchases and labour, and he therefore should have the responsibility of submitting the final standards to the management.

There are two factors in cost—price and usage; both have to be considered in the determination of standards. In arriving at standards for materials, it is first necessary to study the various materials available for the products of the business, and then to select those that will be used. Alternative cheaper materials should be specified against the contingency that price fluctuations make it necessary to achieve economies. Market prices, of quantities appropriate to the buying policy of the business and its storage facilities, are taken for fixing the standards. If there are long-term contracts with suppliers, the contract price plus cost of transport should be the current standard price; if buying is hand to mouth, the setting of the standard

price is more difficult—one must estimate the quantities that are most likely to be ordered and assess prices and transport costs on those quantities. The technical staff prepare specifications of the kinds and quantities of materials to be used for the various products. Allowance is made for shrinkage and scrap, either by incorporation in the standard usages themselves or by fixing separate standards to be added to or subtracted from the standard material cost. The standard quality of material per unit of product multiplied by the standard price per unit of material gives the standard material cost.

Labour standards in terms of working time should be set for each operation; they are based on the time taken for a given output. Time and motion study may be utilised in arriving at standard time or the time taken by a "good" workman may be deemed to be standard. A reasonable standard of wage rates for the industry and area will be used. Thus a standard labour cost per unit of product is derived, as the standard hours per unit of product multiplied by the standard wage rate per hour.

For overheads, a budget of manufacturing expenses is prepared, based on normal factory operation. Estimated overheads should be fully absorbed by the estimated value of production—the estimate being made realistically. The standard labour time multiplied by the standard overhead rate gives the standard overhead charge for the particular job or product.

The standards for materials, labour and overheads are applied to each operation or activity making up each job or unit of product and finally the standard cost for each job or product is obtained. Once it is known what is to be produced, all the standard costs are entered on the cost sheet. The next step is to derive and enter the variances, when the cost sheet will be completed. But more about variances next month.

## II—AN INTRODUCTION TO DOUBLE TAXATION RELIEF

TO MINIMISE INSTANCES in which income is taxed in more than one country or territory, agreements have been made between the United Kingdom (U.K.) and the Dominions, colonies, and a large proportion of the main foreign countries, under which many sources of income are taxed in one country only, and where income is taxed in two countries relief is given in one in respect of the tax paid in the other. If there is no such agreement, the U.K. gives relief on the doubly taxed income; this is called "unilateral" relief, whereas relief under agreements is commonly called "treaty" relief.

The underlying principle is that the taxpayer is to have relief which will reduce the tax suffered on the doubly

taxed income to tax at the higher of the two rates involved.  
*Illustration.*

A company had the following profits: U.K. £20,000, foreign £4,000. The foreign rate of tax was 35 per cent. Ignoring profits tax, the computation would proceed:

U.K. liability: £24,000 at 8/6 =	£10,800
Less Credit for foreign tax,	
£4,000 at 35 per cent. =	£1,400
	£9,400

It is seen therefore that the company has suffered the full rate of 8s. 6d. in the £, of which part is foreign tax.





# TATE & LYLE, LIMITED

## AN ANALYSIS OF INCOME AND EXPENDITURE IN 1956

	Proportion of each £1 of Income		
	£	£	s. d.
<b>GOODS AND SERVICES PURCHASED FROM OUTSIDE:—</b>			
Raw Materials (including Duty of £11,505,099) ..	103,811,042		16 2½
Fuel and Power .. .. .. ..	1,751,284		3½
Packing Materials .. .. .. ..	4,598,876		8½
Other Refinery Expenses .. .. .. ..	1,356,078		2½
Other Expenses including Advertising (£48,779), Selling and Distribution .. .. .. ..	4,470,970		8½
	<hr/>	115,988,250	
<b>VALUE ADDED OR NET OUTPUT:—</b>			
Wages, Salaries, National Insurance and Em- ployees' Benefits .. .. .. ..	6,475,939		1 0½
Provided for Renewal of Plant and Machinery and Depreciation of other Fixed Assets ..	1,455,693		2½
United Kingdom Taxation on Profits .. ..	2,267,480		4½
Amount placed to Reserves .. .. ..	934,138		1½
Dividends to Ordinary and Preference Stock- holders (Net) .. .. .. ..	872,913		1½
	<hr/>	12,006,163	
TOTAL .. .. .. ..	<hr/>	£127,994,413	<hr/> £1 0 0
<b>VALUE OF EXPORT SALES (including £5,614,970 Duty Drawback) .. ..</b>			
28,354,345		4 5½	
<b>VALUE OF HOME TRADE SALES AND OTHER INCOME .. ..</b>			
99,640,068		15 6½	
TOTAL INCOME .. .. .. ..	<hr/>	£127,994,413	<hr/> £1 0 0

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# 19 QUESTIONS

*Do you know that ...*

- 1 Walthamstow was a community before the Conquest?
- 2 It is mentioned in the Domesday Book, 1086?
- 3 It was then called Wilcumstou, later Welcomestowe?
- 4 In 1762 it had 301 houses and 97 cottages?
- 5 In 1870 its population was 11,000?
- 6 Today it has 120,000 inhabitants?
- 7 It has a fine Town Hall and Civic Centre?
- 8 A local building society was established in 1877?
- 9 After eighty years the society is stronger than ever?
- 10 Thousands have bought their homes through it?
- 11 More have placed their savings in it?
- 12 The smallest saving is £1?
- 13 The largest share is £5,000?
- 14 Yearly interest is £3 10s. net on every £100?
- 15 This is paid half-yearly in April and October?
- 16 The society pays the Income tax on the interest?
- 17 A trustee investment in all but name?
- 18 We give special terms to limited companies?
- 19 It is the Walthamstow Building Society?

*... and the 20th question!*

- 20 Why not take more interest in saving?

*Samuel H. Russell, F.C.C.S.*

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# THE SOCIETY OF Incorporated Accountants

## Accountability

THE ANNUAL DINNER of the Incorporated Accountants' District Society of Sussex was held in the Royal Pavilion, Brighton, on December 7, under the chairmanship of its President, Mr. P. G. Barnett, A.S.A.A. The guests included the Mayor of Brighton (Councillor Lewis C. Cohen); the Rt. Hon. the Earl of Woolton, C.H., P.C.; Sir Richard Yeabsley, C.B.E., F.C.A., F.S.A.A. (President of the Society of Incorporated Accountants); Mr. Philip Panto, B.A.; the Mayor of Hove (Alderman C. A. Clarke); the Vicar of Brighton (Canon D. H. Booth, M.B.E.); and others representative of the professions, commerce and the Inland Revenue.

The Earl of Woolton, C.H., P.C., in proposing the toast of "The Society of Incorporated Accountants and the Accountancy Profession," coupled with it the name of the President of the Society, Sir Richard Yeabsley. He said Sir Richard was a great servant of the State, particularly as a member of some of the most difficult committees which various governments had appointed for the good guidance of Ministers.

Professional accountants, said Lord Woolton, might have tremendous influence if they were prepared and had the courage to exercise it. In former days people could exercise thrift with security, and thrift was held in high esteem. Was money secure today? If one compared 1939 prices with now, one multiplied by three. It was said that the way was to increase production, but the first thing was to live within our income. He wondered whether the great professional bodies of accountants could not do something to bring that home to the people. We could not afford a further devaluation of the pound. Of even greater importance was it that if people lent their money to the Government it should be of equal value when they got it back.

Sir Richard Yeabsley, C.B.E., F.C.A., F.S.A.A. (President of the Society of Incorporated Accountants), in reply said that in a recent article it was stated that the word "accountability" was invented as a convenient description of a new problem created by nationalisa-

tion. The significance of the word was much wider. It involved the assessment of one's shortcomings and achievements in moral as well as money values: indeed, it summed up the judgment to come on the use of talents, benefits or resources, spiritual and material. It was right that accountants should have the full implications of accountability well in mind. They were members of a comparatively new profession, but they might fairly say they were mature in their thinking and scrupulous in the discharge of their responsibilities to their clients, to the State, to their colleagues and indeed to all their fellows. They were not super beings but beings specially equipped by training, experience and the inculcated respect for the ideals of integrity, veracity and rectitude established and fostered by those who founded and had done so much for their wonderful Society. He referred to Sir James Martin, Sir Thomas Keens, Fred Woolley and Henry Morgan, whose memory they so greatly respected, and to those other stalwarts whom they were fortunate still to have with them on the Council. Theirs was a goodly heritage.

In considering the problem of responsibility to the general public for the management and operation of industries and services that had been nationalised, what were the yardsticks to be applied to enable efficiency to be properly and effectively judged, and who was to judge and determine the action to be taken and ensure its fulfilment?

High profits might well indicate that the prices charged were too high, and, conversely, low profits might not indicate inefficiency. What were the incentives to lower costs and prices and to greater production per man-hour? This was the crux of the matter. The question arose whether that spirit of endeavour to good purpose that required all to do daily an honest day's work appropriately rewarded had not been sadly diminished by the extent and form of current taxation. That was a wide issue, involving many national and social problems, and there was little that they individually could do about it.

However, let them by their conduct and the quality of their services demon-

strate that they were not unmindful of their obligations to their country and to the great profession of which they were so proud to be members. It was truly said by Grantland Rice:

For when the one great Scorer comes to write against your name,  
He marks not that you won or lost—  
but how you played the game.

Mr. J. Meares, A.S.A.A., proposed the toast of "Our Guests." This was acknowledged by Mr. J. K. Hankinson, Registrar of Brighton and Lewes County Court.

Mr. Philip Panto, B.A., proposing the toast of The Incorporated Accountants' District Society of Sussex, prophesied that under the guidance of Mr. Barnett the District Society would have one of its most successful years.

Mr. P. G. Barnett, A.S.A.A. (President of the District Society) replied.

## Pre-Examination Courses

PRE-EXAMINATION COURSES FOR both Intermediate and Final candidates will be held at Ashridge College, Berkhamsted, from Wednesday, April 24 until Monday, April 29, 1957. Application forms will be sent to all members of the London Students' Society. Members of other District Societies who wish to attend will be able to obtain application forms from the Secretary of the London Students' Society or direct from the Honorary Secretary of their own District Society.

## District Societies and Branches

### South African (Northern) Branch

A CONFERENCE on Management Accounting was held on December 5, 1956, at the Wanderers' Club, Johannesburg. There was an attendance of nearly two hundred, largely members and their senior articled clerks. Robson, Morrow & Co. had prepared a concise explanatory pamphlet with specimen forms attached, and had also arranged the group leaders and speakers. The Committee of the Branch was greatly indebted to Mr. J. B. Charles, A.C.A., and Mr. J. G. Sargent, A.S.A.A., partners of the firm.

The conference was opened by the Chairman of the Northern Branch, Mr. W. D. Bramwell. After Mr. Charles had explained the broad objects of management accounting and Mr. Sargent had referred in more detail to the contents of the pamphlets, fourteen groups were formed, each with a

group leader experienced in the subject, who answered questions and directed the discussion.

Mr. R. E. Glenn, addressing the conference from the point of view of a large firm of heavy piping manufacturers, was satisfied that through management accounting all employees had become cost conscious and keen to improve their efficiency. The job of management had been made easier by the clearing away of routine and the highlighting of variances. Mr. G. A. Macmillan, speaking from experience in an industrial finance organisation, said that forecasting was essential to all businesses, and that management accounting provided the information from which investing houses could judge what financial support to give to any particular venture. Just as budgetary control was essential to keeping a watchful eye on costs, financial budgeting was essential for the proper organisation of finance and to avoid over-capitalisation and other pitfalls. Mr. W. G. F. Still, A.S.A.A., spoke from the standpoint of a retail sales organisation which had so far not introduced management accounting. However, he showed how alternatives to management accounting were used to provide proper control.

### London

THE USUAL MONTHLY meeting of members in industry was held at Incorporated Accountants' Hall on January 9, when an interesting discussion on the allocation of factory overhead expenses to products was introduced by Mr. J. Naylor, A.S.A.A., of K.L.G. Sparking Plugs Limited.

The next meeting of this group will be held at the Hall on February 13 at 6 p.m. A discussion on "Capital Expenditure—Will this project pay off?" will be introduced by Mr. D. L. Brown, A.S.A.A., Finance Director of Mars Limited.

The aim of the group is to encourage the informal discussion of problems met by members in industry, and the exchange of views which takes place has been found most helpful by many members. Attendance at the group meetings is open to all members who are interested in industrial problems.

### London Students' Society—Luton Branch

A GROUP OF twenty-four members of the Luton and Bedford Branch of the London Students' Society recently spent a day in London. After visiting the public gallery of the Stock Exchange (being the five-hundredth party to do so) and the Bank of England, they were conducted round Incorporated Accountants' Hall, where they had lunch.

In the afternoon a demonstration of the computer LEO was given by the staff at the premises of J. Lyons and Co. at Cadby Hall.

The students were received at the House of Commons by Mr. Norman Cole, Member of Parliament for South Bedfordshire. He and Mr. Stephen McCadden, M.P., dined with the party and afterwards enabled them

to listen to a debate in the House. In an after-dinner speech, the chairman of the Branch, Mr. R. K. Fryer, expressed the thanks of the party to the secretary, Mr. John F. P. Ratcliff, for arranging the visit.

Alan Harold (with Hilton, Sharp & Clarke); WILBY, George William (with Carpenter, Arnold & Turner).

**Bristol**—BEVAN, Paul Dominic (with Hudson Smith, Briggs & Co.); MOUNTER, Shirley Ann (with C. J. Ryland & Co.); SEAMAN, Ronald Keith, B.Sc. (with C. J. Ryland & Co.).

**Calcutta**—CHAKRABORTTI, Amal Chandra, B.COM. (formerly with S. R. Batliboi & Co.); CHAUDHURI, Bimalesh Ray (formerly with D. P. Chatterjee & Co.); DAS, Birendra Kishore, M.A.(COM.) (formerly with S. K. Basu & Co.); GHOSH, Balaram, B.COM. (formerly with P. N. Mukerjea & Co.); GHOSH, Ranajit Kumar (with P. K. Ghosh & Co.).

**Cardiff**—BRADDICK, Raymond (with Richard Davies & Co.); DAVIES, Winston Charles (with H. C. Hopkin); GREY, Brian John Michael (with W. G. & D. G. Evans); SIMS, Neville William (with Phillips & Trump); SINGLETON, Michael Henry Tilbury (with W. G. & D. G. Evans); TRENCHARD, Brian Morris, B.A. (with Ross, Jones & Co.).

**Chelmsford**—REEVE, Geoffrey Arnold (with Mayor, Cuttle & Co.).

**Chester**—WILLIAMS, Frederick Douglas (with Walter Baird & Co.).

**Chesterfield**—WILSON, John Gordon (with Saml. Edwd. Short & Co.).

**Colombo**—MARTIN, John Eustace Dunstan (with Wijeyeratne & Co.).

**Derby**—HAYWOOD, Alfred (County Treasurer's Department).

**Doncaster**—HIGGINBOTTOM, Antony (with Watson, Waddington & Sharp); LEESING, Brian (with A. E. Smith, Craven & Co.).

**Dorchester**—READ, Derek John (with Edwards & Edwards); STAINER, John Henry (with Edwards & Edwards).

**Dublin**—GILROY, Declan Patrick Dermot (with Purtil & Co.); McDermott, Brian Gerald Augustine (with Craig, Gardner & Co.); MOLLOY, William Dominic (formerly with Purtil & Co.); MULLIGAN, Desmond Joseph Finlay, M.A., B.COM. (with S. A. Cloonan); MULLINS, Joseph Philip (formerly with Phelan & Prescott); MULVANY, Gerard Joseph Pascal (with R. G. McHugh & Co.); PASLEY, Brian John Ormsby, B.A., B.COM. (with Cooper & Kenny).

**Edinburgh**—COGHILL, Ernest Brown (with Howden & Molleson).

**Falmouth**—LOMAX, Eric (with Lodge & Winter).

**Fareham**—LEVER, Ronald Stanley (with K. J. Riley).

**Farnham (Surrey)**—HARRIS, Paul (with R. H. Hackett & Co.).

**Glasgow**—PALMER, George Lawson (with Geo. C. Murray & Co.).

**Grays**—BOUGHTWOOD, Roy Dennis (with Rowland Hall & Co.).

**Grimsby**—CARTER, Rex (with Skaith, Beeson & Co.).

**Harrogate**—GEORGESON, Clive (with Lea-royd & Longbottom).

**Harrow**—TOVELL, John Rowland (Borough Treasurer's Department).

**Hove**—JARVIS, Raymond Charles (with Russell, Fleming, Boys & Co.).

**Huddersfield**—OWEN, Geoffrey Frank

## Results OF EXAMINATIONS

NOVEMBER 1956

### FINAL EXAMINATION PARTS I AND II\*

#### Honours (3)

WEBB, Victor Robert (with Oliver Lusher & Co.), Newmarket. (*First Certificate of Merit and a Sir James Martin Memorial Prize.*)

LEWINS, Joseph Norman (Ministry of Housing & Local Government), London. (*Second Certificate of Merit and a Sir James Martin Memorial Prize.*)

SAVAGE, Paul Stephen Gladstone (with Baldwin & Son), Brighton. (*Third Certificate of Merit and a Sir James Martin Memorial Prize.*)

ALDERSHOT—SCOTT, Arnold George (Borough Treasurer's Department).

AYLESBURY—BAWDEN, Ronald Charles (County Treasurer's Department).

BATH—PEARCE, Donald Sutherland (with French, Foster & Co.).

BELFAST—FINEGAN, Brian Gerard (formerly with Joseph Maguire & Co.); SMYTH, Derek (with H. V. Kirk, Palmer & Co.).

BIRMINGHAM—BOULTER, Roy Eric (with Massey & Ellison); SHAW, Malcolm Selwyn (with Price Waterhouse & Co.); WADSWORTH, Ralph (with Thomson McLintock & Co.).

BLACKBURN—DEVOW, Brian Patrick (with Francis E. Smith).

BOLTON—TREVENA, Frederick Donald (with J. H. Waring & Co.).

BOURNEMOUTH—THRELFALL, James Robert (with Hibberd, Bull & Johnson).

BRADFORD—CLARKE, Vincent Charles (with Smith & Hayward); OSTICK, Kenneth (with Rawlinson, Greaves & Mitchell); PEARSON, John Richard (with Sharp & Shackleton); PUNT, Kenneth (with Rawlinson, Greaves & Mitchell); TESSEYMAN, Robert (with Richards, Russam & Co.); THOMAS, Malcolm (with Armitage & Norton).

BRIGHTON—HARMER, Michael Thomas (with Spain Bros., Dalling & Co.); MORRIS, (with

\*This list includes the names of candidates who had previously satisfied the Examiners in one Part, and have now completed the Final Examination by passing the other Part.

(with Wheawill & Sudworth); STEAD, George (with Wheawill & Sudworth).

Hull—HOLMES, Thomas Ralph (with D. M. Jones & Co.); JACKSON, Charles Bryan (with Dutton, Moore & Co.); JARRATT, Peter Glynne (with Tranmer, Raine & Jarratt); KING, Robin Horsley (with Scotter & Co.); MARKHAM, Dennis (with Hodgson, Harris & Co.); STOCKTON, Geoffrey (with Smailes, Holtby & Gray).

Keighley—HAMMOND, Walter Joseph (with Bottomley & Smith).

Lancaster—ROBINSON, James Roy (with Thornton & Stanley).

Leeds—DEAN, Sydney (with Volans, Leach & Schofield); DOWZALL, James Frederick (with John Vine, McMillan & Co.); JACKSON, Kenneth Peter (with Peat, Marwick, Mitchell & Co.); LUCAS, Bernard (with Peat, Marwick, Mitchell & Co.); NELSON, Keith (with Thomas Coombs & Son); SHERBURN, Joseph Barry (with T. Watson); SUTTILL, Ronald (with Smith & Garton).

Leicester—ALLIBONE, Rupert Henry (with Thomas May & Co.); CHAMBERS, Hubert Neville (with R. Garner); COOKLIN, Henry (with F. W. Clarke & Co.); GRAY, Raymond Alfred (with Wykes & Co.); KENDALL, Geoffrey Marris (with Newby, Dove & Rhodes); LONGLAND, John Charles (with Baker Bros., Halford & Co.); MARSHALL, Alan Stanley (with P. W. G. Russell); MITCHELL, Frank Leslie (with Sparrow, Rawlings & Kelley); NEWCOMB, John Walter (with F. W. Clarke & Co.); TOMLINSON, Robert Brian (with Mark J. Rees).

Lewes—LAMPER, Stephen (with James Bennett & Son).

Liverpool—GARD, William Henry (with Cooper Brothers & Co.); GRAFF, Murray, B.COM. (with B. Nagley & Co.); HANLEY, Michael (with Satterthwaite & Pomfret).

London—ALLEN, Michael George (with Barton, Mayhew & Co.); APPLETON, Anthony Frederic (with Alfred Wright & Co.); BAKER, Rosemary Winifred, B.Sc.(ECON.) (with Cassleton Elliott & Co.); BARNES, Ronald Henry (with Monkhouse, Stoneham & Co.); BARTON, Ernest Raymond (with Westcott, Maskall & Co.); BEDWELL, Bryan Frederick Edward (with Keeling & Co.); BERG, Israel Graham (with Blick, Rothenburg & Noble); BERMAN, Norman (formerly with M. Britz & Co.); BEST, Raymond Merrik (with Elles, Reeve & Co.); BOOTH, Harry, LL.B. (Board of Inland Revenue); BURNS, Colin Ernest Brodie (with Button, Stevens & Witty); BUXTON, Michael Cecil (with Turquand, Youngs & Co.); CHERITON, Alfred Allan (with Butler, Viney & Childs); CHURCHMAN, Tony Frank (with Spencer, Fellows & Co.); COLAH, Minoo Kakey, B.A. (with Kay, Keeping & Co.); CUCKOW, Charles Leonard (with Reeves & Rothwell); CURRY, Aubrey James (with Walter J. Smith & Son); DALY, Francis Bernard (with Fletcher, Head, Smith & Co.); DARKO, Samuel Wilberforce Awuku (with Cassleton Elliott & Co.); D'EATH, James Terence (with A. F. Huntley & Co.); DENMAN, Peter Leonard (with Lovegrove, Prager & Co.); DEVANEY, Anthony John

(with Wright, Fairbrother & Steel); DONALD, Robert (with Wildash & Co.); DONN, Arnold Joseph (with Alfred Harris & Trotter); DUNELL, Edward James (with Wilkins, Hassell & Co.); EMMS, Robert James (with Alfred Laban, Son & Co.); EVANS, John Walter (with Roth, Manby & Co.); FERRY, Cyril Raymond (with Armitage & Norton); GIBBONS, Leslie Robert (with West, Wake, Price & Co.); GODDARD, John Albert (with Howard, Howes & Co.); GRAHAM, George McRae (with Peat, Marwick, Mitchell & Co.); HALLOWELL, Stanley Edward (with Layton-Bennett, Billingham & Co.); HALL-STRUTT, Frederick Charles (with A. J. Harper & Co.); HALL-STRUTT, Leslie Raymond (with A. J. Harper & Co.); HASKEY, Alfred Charles (Borough Treasurer's Department, Fulham); HELM, Stanley Vincent (with Henry White & Co.); HICKS, Roland Douglas (with Viney, Price & Goodyear); HINDERER, Albert Alan (with Alexander B. Neil & Co.); HUTCHINSON-RUSSELL, Alistair John (Borough Treasurer's Department, Wandsworth); KESEL, Henry Michael (with Leonard Curtis & Co.); KETTLE, Kenneth Leslie (with Weavers & Co.); KOLSCH, Gordon (with Farrow, Bersey, Gain, Vincent & Co.); LAWSON, Max (with Deloitte, Plender, Griffiths & Co.); LEJEWSKI, Jan Tadeusz (with Barton, Mayhew & Co.); LEVENE, Leslie Jacob (with Lawrence Fink & Co.); LEVY, Henry (with F. F. Sharles & Co.); LONG, Robin (with Clifford Towers, Temple & Co.); LOVEGROVE, Eric Alfred (with Rooke, Holt & Co.); MCGREGOR, Robert Ian (with Brown, Fleming & Murray); MCGUIRE, Edward (with Moore, Stephens & Co.); MCLOUGHLIN, Terence Vincent (with E. Goldsmith & Co.); MELHUISH, Peter John (with Randall & Co.); MELHUISH-HANCOCK, Douglas Charles (with Osborne, Ward & Co.); MILLER, Ernest (with Gollop, Kandler & White); MUIR, John David (formerly with Price Waterhouse & Co.); NENDICK, Nicholas Arthur Challoner (with Allen, Baldry, Holman & Best); NEWCOMBE, Colin James (with H. A. Merchant & Co.); NOBLE, Alexander Thomas (with Spicer & Pegler); PEARCY, Robert Denis (with Shipley, Blackburn, Sutton & Co.); PETTIT, Reginald Herbert (with Allen, Attfield & Co.); PHILLIPS, Roy

Keith (with Sidford & Keen); POWDERHAM, George Edward (formerly with Rawlinson & Hunter); READ, Derek Richard (with Viney, Price & Goodyear); RICHARDS, John Arthur (with Evans, Peirson & Co.); RISBY, John Arthur (with Allen, Baldry, Holman & Best); ROGERS, Frederick George (with Milne, Gregg & Turnbull); SAPPER, Peter Michael (Board of Trade); SCHWIER, Gerald Charles (with Jackson, Pixley & Co.); SKYLING, Thomas Ernest (with Ford, Rhodes, Williams & Co.); SMITH, Brian Ernest (with Brown, Peet & Tilley); SMITH, George Norman (with Clarkson, Hyde & Co.); STEWARD, Leslie Charles (with T. L. Theobald & Son); STONE, Hubert Michael (with Brown, Fleming & Murray); STRIDE, Thomas Garner (with Moore, Stephens & Co.); SUGGETT, Brian, B.COM. (with Eric Phillips & Co.); TANN, Kenneth Edward (with Hatfield, Dixon, Roberts, Wright & Co.); TAYLOR, Reginald (with Brebner, Allen & Trapp); VAN NIEUKERK, Ivor Stuart (with Hesketh, Hardy, Hirschfield & Co.); VAUGHAN, Douglas James (with Percy H. Walters); WARMAN, Peter Charles (with Farrow, Bersey, Gain, Vincent & Co.); WARREN, Roy David (with Rawlinson & Hunter); WESTLAKE, Michael Frederick (with Pawley & Malyon); WHITE, Geoffrey David (formerly with Ogden, Hibberd Bull & Langton); WILLIAMS, Allen Henry (with Cash, Stone & Co.); WIMPRESS, Francis Noel (with de Paula, Turner, Lake & Co.); WYSOKI, Jan Marian, B.COM. (with McClelland, Ker & Co.); YATES-MERCER, George Lewis (with Ogden, Hibberd Bull & Langton).

Luton—OAKLEY, Robert James (with Mitchell & Plummer).

Macclesfield—DAKIN, Geoffrey (with Bown, Lloyd & Co.).

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#### HONOURS

##### FINAL

3

##### INTERMEDIATE

7

#### SUMMARY

##### FINAL

	Parts I & II	Part I	Part II	INTER- MEDIATE	PRE- LIMINARY
Candidates passed .. .. ..	12	291	234	225	26
Candidates failed .. .. ..	13	298	157	372	67

7 Candidates who sat for Parts I and II of the Final Examination satisfied the Examiners in Part I only.

9 Candidates who sat for Parts I and II of the Final Examination satisfied the Examiners in Part II only.

Co.); WOOD, Fred (with Crofts & Naylor).  
**Middlesbrough**—BARKER, Trevor (with L. C. Bye).

**Newcastle (Staffs.)**—SHERRATT, Charles John (with A. Ewart Turner & Co.).

**Newcastle upon Tyne**—ALSOP, John William (with Price Waterhouse & Co.).

**Northampton**—CLARKE, Gerald Maurice (with F. Roberts & Co.); MONTIER, David John (with Baker & Co.); WEISS, Alastair Martin (with Kilby & Fox).

**Norwich**—CARVER, Leslie Walter (with H. P. Gould & Son); COOPER, Edward Horace Enoch (with H. P. Gould & Son); HARVEY, Derek Roy (with Holmes & Halford).

**Nottingham**—AUSTIN, William (City Treasurer's Department); LIEBLING, Sydney Norman (with Taft, Baldock & Winstanley); ROBINSON, Norman Alan (with Sharp, Betts & Co.); SALT, Malcolm Ross (with F. Stokes & Ricks); TAYLOR Dennis (with Chamberlain & Merchant).

**Oldham**—HALL, John Euston (with Samuel Slater & Sons); HART, David (with F. G. Schofield & Son).

**Oswestry**—LISTER, George Herbert (with Garner Pugh & Sinclair).

**Oxford**—RODGERS, Kenneth (with Thornton & Thornton); WALTERS, Ivor (with Thornton & Thornton).

**Oxted**—BULL, Brian Robert (with Taylor, Harman & Co.).

**Penzance**—STEPHENS, Geoffrey Ralph (with Whitaker & Redfearn).

**Peterborough**—KNOTT, John Alan (with Denis Rawlinson & Co.).

**Pinner**—LOCK, George Andrew Wilberforce (with John R. Norman & Co.).

**Portadown**—DAVISON, James Ivan (with Rocke, Hall & Co.).

**Portsmouth**—CARRIGAN, Raymond Sydney (formerly with Edmonds & Co.); FACEY, Derrick Edward (with Cartwright, Pyke & Co.).

**Preston**—GILLETT, Hugh John (with Henry Yates); NICHOLSON, John Robert (with Wilkinson & Freeman).

**Reading**—ISAACS, Stanley Irvyn (with Auerbach, Hope & Co.).

**Salisbury**—GOULD, David Richard (City Treasurer's Department).

**Scarborough**—BAKER, Edward (with F. L. Gardiner & Co.).

**Sheffield**—HEPWORTH, Harold Derek (with Kirkman, Manning & Kay); MITCHELL, Ernest (with T. G. Shuttleworth & Son); WHYTE, William Scott (with Joshua Wortley & Sons).

**Shipley**—HODGSON, Frank Warris (with Windfall, Stead & Co.).

**Shrewsbury**—BIRCH, John Paulger (with Harper, Kent & Wheeler); MURCOTT, Rosslyn Bathe (with Harper, Kent & Wheeler).

**Skegness**—RYDING, Anthony (with Mountain, Jessap & Co.).

**Southampton**—BAILEY, David Brian (with Woolley & Waldron).

**Southend-on-Sea**—ROBINSON, John Russell (with Porter, Manning & Co.).

**Stafford**—TOSSEY, Dante, B.Sc. (County Treasurer's Department).

**Stockport**—DOWNS, Barry (with Ford & Rimington).

**Stoke-on-Trent**—HIBBERT, Harold (with Donald H. Bates & Co.).

**Sunderland**—DONKIN, Brian Robson (with T. C. Squance & Sons); KIRBY, Reginald Harvey (with Bolton, Wawn & Co.); LEONARD, John Bell (with Laverick, Walton & Co.).

**Surbition**—CHEESMAN, Frederick Kenneth John (with F. Alexander Simpson).

**Swansea**—WILLIAMS, Ronald (with Deloitte, Plender, Griffiths & Co.).

**Truro**—TREBILCOCK, Frank (with Lodge & Winter).

**Tunbridge Wells**—OGDEN, Anthony John (with Legge, Terry & Swindells); PENFOLD, William Samuel (with Creasey, Son & Wickenden).

**Wakefield**—FULLER, Geoffrey (with Kitson, Hardy & Sharpe).

**Walsall**—DANIELS, Frank Albert (with Walter J. Edwards & Co.).

**Waterford**—DEEVY, John Kevin (with W. A. Deevy & Co.); O'DONNELL, Bryan (with T. R. Chambers, Halley & Co.).

**Wembley**—WIDGER, John Caisley (with H. V. Banting).

**West Bridgford**—ADAMS, William Edward (formerly Treasurer's Department).

**West Bromwich**—COUSEN, Brian (Borough Treasurer's Department); WORLEY, Kathleen Mary (with Dixon, Hopkinson & Co.).

**West Hartlepool**—PERRYMAN, Francis Douglas, B.Com. (formerly with Frank S. Perryman).

**Wolverhampton**—SANDERS, George Bernard (with H. Davies & Co.).

**Workington**—JACKSON, Joseph (with J. Jackson Saint & Co.).

**Worthing**—TETTEY, Francis Kingsley (with Walpole & Co.).

**Zurich**—JAMES, Cyril Benjamin (with Price Waterhouse & Co.).

#### Candidates Passed (218)

**Barrow-in-Furness**—MOON, Gerald (with Peat, Marwick, Mitchell & Co.).

**Beaconsfield**—COLLIER, John Joseph Levi (with F. L. Rouse & Co.).

**Belfast**—CONLON, Kieran Joseph, B.A. (with Magee & Hillan); FALLS, Alexander Hunter, B.Sc.(Econ.) (with James Baird & Co.); GRAHAM, Edward (with Muir & Addy); IRVINE, John (with John Courtney & Co.); JACKSON, David (with A. G. Wilkinson & Co.); KING, Robert Stanley (with James A. Winnington & Co.).

**Bexhill-on-Sea**—DARNELL, Edward Peter George (with Waterhouse & Francis).

**Birmingham**—JONES, Derek Edward (with Peat, Marwick, Mitchell & Co.); MORGAN Donald Edward (with Massey & Ellison).

**Bombay**—LAM, Firoz Maneckshaw, B.Com. (with Sorab S. Engineer & Co.).

**Bournemouth**—CHERRINGTON, Ronald Dennis (with Malpas, Simmons & Co.); STONE, Peter Dennis (with Bicker, Son & Dowden).

**Bradford**—ACKROYD, John Stuart (with Seeger & Knox); HALL, Peter William (with Rawlinson, Greaves & Mitchell); KNIGHT, Keith (with Rushworth, Ingham & Rhodes); MAUGHAN, Colin (with Boyce, Welch & Co.); MEDFORTH, John Edward (with Thomas Gardner & Co.).

**Bridgend**—MACE, William Edward (with Brynmor Jones).

**Bristol**—GAY, Michael John (with Hudson Smith, Briggs & Co.); NICHOLLS, John Thomas (with Hudson Smith, Briggs & Co.); PHILLIPS, Vernon Francis (City Treasurer's Department).

**Buxton**—TAVENER, Kenneth William (Borough Treasurer's Department).

**Canterbury**—KEEN, John Edward (with Reeves & Young).

**Cardiff**—FOOKS, John Anthony, LL.B. (with J. Fooks & Sons); HANDYSIDE, Robert Graham (with Alban & Lamb); MITCHELL, John Wemyss Houston (with J. Fooks & Sons); SHANKLAND, David (with Alfred Shankland & Sons).

**Carlisle**—HEDLEY, Douglas Hewitson (with E. J. Williams & Co.).

**Colchester**—KIRKWOOD, John (with Cooper, Cozens & Co.).

**Cork**—HEGARTY, Michael John (with Samuel H. Moore).

**Coventry**—ANDREWS, Roger Thomas (with Norman Cooke & Co.); BAKEWELL, Ralph (with Edw. Thos. Peirson & Sons); BATH, Alan Harcourt (with Leech, Evans & Co.).

**Croydon**—EDWARDS, Gordon William Francis (with Ernest J. Nicholls & Co.).

**Dacca, East Pakistan**—ATAUDDIN KHAN, Abul Bashar Mohammed, M.Com. (formerly with Mirza M. Hussain & Co.).

**Doncaster**—THOMPSON, Beverley John (with F. J. Clarke & Co.); VESSEY, John Frederick (with Beard, Shaw & Co.).

**Dorchester**—COLLINS, Terence Malcolm Anthony (with Edwards & Edwards).

**Douglas, I.O.M.**—MILLER, Douglas Caley (with Albert Hill & Co.).

**Dublin**—BARRETT, Donald James (with Stokes Bros. & Pim); BEVAN, Joseph Francis

#### INTERMEDIATE EXAMINATION

##### Honours (7)

MALEGAM, Yezdi Hirji, B.Com. (with S. B. Billimoria & Co.), BOMBAY. (*First Certificate of Merit and a Sir James Martin Memorial Prize.*)

MODY, Minoo Hormusji, B.Com. (with A. F. Ferguson & Co.), BOMBAY. (*Second Certificate of Merit and a Sir James Martin Memorial Prize.*)

HARBUR, David John (with S. J. Duddridge & Sons), STRoud. (*Third Certificate of Merit.*)

WHITE, David Brendan (with Dunstan, Adams & May), Nairobi, Kenya. (*Fourth Certificate of Merit.*)

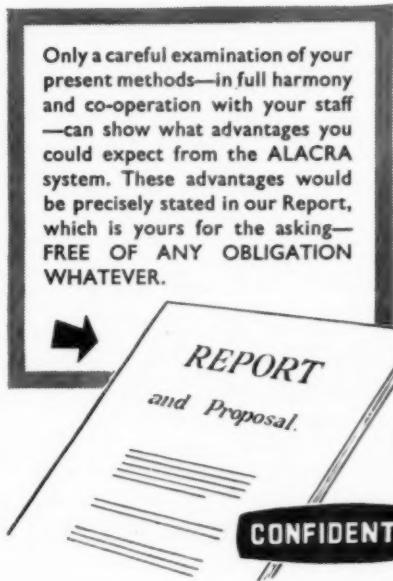
SULLIVAN, Derek Maurice (with Reads, Cocke & Watson), London. (*Fifth Certificate of Merit.*)

RAY, Michael (with Wykes & Co.), Leicester. (*Sixth Certificate of Merit.*)

WEBB, Alan David (with Benbow & Airs), Northampton. (*Seventh Certificate of Merit.*)

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Hull—ADDISON, Ronald (with Buckley, Hall, Devin & Co.); BULMER, Eric Gordon (with Hodgson, Harris & Co.).

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Kampala, Uganda—SHELTON, Lennox Harvey St. John (formerly with E. H. Shelton).

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Leamington Spa—WISE, David Edward (with D. A. Owen & Co.).

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**Stockport—ALLANSON, Kenneth** (with Dent & Royle); **BUCKLEY, Patrick Denis** (with John McIntyre).

**Sutton—PITTS, Laurence John** (with Geo. H. Jackson & Co.).

**Sutton Coldfield—DALE, Alan James** (with John J. Potter, Mawson, McGregor & Co.).

**Swansea—BEYNON, Raymond John** (with Baddiel, Sleeman & Co.); **HUNT, Dennis Paul** (with Mullens & Robinson); **HUNTLEY, David James** (Borough Treasurer's Department).

**Torquay—COLLINGS, Margaret Anne** (with Valentine, Hayman & Co.).

**Wakefield—HENDERSON, Albert Ernest** (with C. A. Moulton & Co.); **THEWLIS, Michael Anthony** (with Kitson, Hardy & Sharpe).

**Walsall—DORAM, Joseph Edward** (with A. & E. Law & Co.).

**Wellingborough—MALIN, Antony** (with Pratt, Tarry & Co.); **MALLETT, Arthur Harry** (with James & Sanders).

**Wells—STOCK, John Barrie** (with Hucker & Booker).

**Wigan—CAIN, Robert Neil** (with John Fairhurst & Tyrer).

**Wolverhampton—BLANKSTONE, David Raymond** (with T. E. Lowe & Co.); **SADLER, David Albert** (with W. Vincent Vale & Co.); **SMITH, Alan** (with Crombie, Lacon & Stevens).

**Worcester—BURNDRED, George William** (with Bowen, Dawes, Wagstaff & Co.); **RALPH, Clifford Raymond** (with Hubert Leicester & Co.).

**Worthing—AGYEMAN, Albert Kofi** (with Walpole & Co.); **MAGNESS, Brian John** (with Carpenter, Box & Co.); **MILLER, Anthony David** (with Arthur Stubbs & Spofforth); **MOHAMAD, Mohamad nor** (with Walpole & Co.); **SEDDOH, Elliot Edward** (with Walpole & Co.); **USSHIER, Joseph Rolland** (with Walpole & Co.).

**Yeovil—POND, Anthony William George** (with A. H. W. Chinnock).

#### PRELIMINARY EXAMINATION

##### Candidates Passed (26)

**ANGUAH-BOAFO, Benjamin Codjoe, London, S.W.6:** **BARWICK, Raymond, Surbiton, Surrey:** **BOUGH, Anthony Herbert, St. Leonards-on-Sea:** **BROADBELT, Peter Franklin, Leeds 7:** **COMERTON, Louis Paul, Belfast, N.I.:** **COOKE, Cyril Anthony, Selby, Yorkshire:** **COURTLIFF, John Edward, Chester:** **DRABBLE, George David, Sheffield 8:** **DUNCAN, Stewart Philip, Aberdeen:** **EDGAR, Thomas Hood, Holywood, Co. Down, N.I.:** **ENGLISH, Alfred James, London, N.4:** **HILL, Michael George Charles, Greenford, Middle-**

**sex:** **HOWARTH, John Stephen, Leeds, 1:** **KELLY, Harry Heathcote, Belfast, N.I.:** **KIRKPATRICK, Gordon Moore, Belfast, N.I.:** **MACLEAY, Andrew James, Avoch, Ross-shire:** **MINNIS, John James, Newry, Co. Down, N.I.:** **OPENSHAW, Harry Forrest, Bury, Lancashire:** **RILEY, Dennis McWilliams, Stockton-on-Tees, Co. Durham:** **ROBSON, Brian, Newcastle upon Tyne:** **RODGERS, Irene Margaret, Belfast, N.I.:** **SCOTT, John Edward, Belfast, N.I.:** **TAYLOR, Richard Houston Windsor, Leeds, 13:** **WILSON, Gerald, Liverpool, 8:** **WINN, Richard Standish, Liverpool, 11:** **WOODCOCK, Gwilym Denley Wynn, Leicester.**

**February 6.—Bradford:** "Deeds of Arrangement," by Mr. A. B. Mitchell, LL.B. Victoria Hotel, at 6.15 p.m.

**London:** Taxation Group meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**Oxford:** "Mechanised Accounting and the Auditors," by Mr. L. W. Shaw, B.Sc., A.S.A.A. Students' meeting. Kemp Restaurant, at 6.30 p.m.

**February 7.—London:** "An Introduction to Cost Accounts," by Mr. V. S. Hockley, B.COM., C.A. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**February 8.—Birmingham:** "The Brighter Side of Auditing," by Mr. E. C. Turner, T.D., M.COM., F.C.A. The University, Edmund Street, at 6.30 p.m.

**Bristol:** "Ladies and Gentlemen . . . Some Points on Public Speaking," by Mr. Gordon Rankin. Students' meeting. Royal Hotel, College Green, at 6.30 p.m.

**Manchester:** "Accounting and Research," by Mr. T. W. South, B.A., Barrister-at-Law. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.

**Sheffield:** "Executorship—Distribution to Beneficiaries—Hotchpot and Abatement," by Mr. R. Glynn Williams, F.C.A., F.T.I.I. Students' meeting. Grand Hotel, at 4 p.m. **Sheffield:** "Executorship—Statutory and Equitable Apportionments," by Mr. R. Glynn Williams, F.C.A., F.T.I.I. Students' meeting. Grand Hotel, at 6 p.m.

**February 11.—Coventry:** "Marine Insurance," by Mr. R. H. Clarke. Rose & Crown Hotel, High Street, at 6.15 p.m.

**London:** "House of Lords Tax Decisions, 1955/56," by Mr. J. B. Whelan. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**Luton:** "Branch Accounts," by Mr. P. E. Harris, A.S.A.A. Students' meeting. Chamber of Commerce, at 6.15 p.m.

**February 12.—Birmingham:** Luncheon meeting. Imperial Hotel, Temple Street, at 1 p.m.

**Bournemouth:** "Joint Venture and Consignment and Packages Accounts," by Mr. F. E. Hargreaves, F.C.A. St. Peter's Small Hall, Hinton Road, at 6.30 p.m.

**Bradford:** "Consolidated Accounts," by Mr. P. E. Harris, A.S.A.A. Victoria Hotel, at 6.15 p.m.

**London:** Luncheon Club meeting. "Accountability," by Sir Richard Yeabsley, C.B.E., F.C.A., F.S.A.A., President of the Society of Incorporated Accountants. Connaught Rooms, at 12.45 p.m.

**February 13.—Birmingham:** Meeting with the Association of Her Majesty's Inspectors of Taxes. Imperial Hotel, Temple Street, at 6.15 p.m.

**Blackburn:** "Consolidated Accounts," by Mr. P. E. Harris, A.S.A.A. Chamber of Commerce Rooms, 4 Richmond Terrace, at 7.30 p.m.

**London:** Management Group meeting. "Capital Expenditure—Will this Project Pay Off?" Discussion introduced by Mr. D. L. Brown, A.S.A.A. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

#### Events of the Month

**February 1.—Birmingham:** "A Case Study in Standard Costing," by Mr. P. N. Wallis, A.S.A.A., A.C.I.S. Law Library, Temple Street, at 6.15 p.m.

**Bradford:** Demonstration of Machine Accounting, by Powers-Samas Accounting Machines (Sales) Ltd. Victoria Hotel, at 6.15 p.m.

**Bristol:** "Estate Duty and Controlled Companies," by Mr. P. Shelbourne, Barrister-at-Law. Students' meeting. Royal Hotel, College Green, at 6.30 p.m.

**Carlisle:** "Auditing," by Mr. V. S. Hockley, B.COM., C.A. County Hotel, at 6.30 p.m.

**Glasgow:** "Stock Exchange Practice," by Mr. Alan M. Macaulay. Students' meeting. Scottish College of Commerce, Pitt Street, at 6.15 p.m.

**Leicester:** "Standard Costing," by Mr. K. S. Carmichael, A.C.A. Students' meeting. Bell Hotel, Humberstone Gate, at 6 p.m.

**Manchester:** "Company Law," by Mr. J. Stewart Oakes, Barrister-at-Law. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.

**Norwich:** "Auditing," by Mr. L. J. Northcott. Royal Hotel, at 7 p.m.

**Southend-on-Sea:** "Relationship between Banker and Customer," by Mr. J. Howard Penn. Students' meeting. 33 Victoria Avenue, at 7.30 p.m.

**February 2.—Liverpool:** Students' dance. Mecca Restaurant, India Building, Water Street, at 7.30 p.m.

**February 4.—Hull:** Luncheon meeting. New Manchester Hotel, at 12.50 p.m.

**London:** "The Internal Auditor's Part in Financial Control," by Mr. C. E. Sutton, A.S.A.A. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

**Sheffield:** Lecture by Mr. E. Crump, City Editor, *Sunday Times*. Grand Hotel, at 5.45 p.m.

**February 5.—Birmingham:** Students' dance. St. John's Restaurant, Deritend, at 8 p.m.

**Hull:** Students' annual dance.

**Swansea:** "Electronic Computers," by Powers-Samas Accounting Machine Co. Ltd. The Gas Showrooms, The Kingsway, at 6.45 p.m.

- Sheffield:** Biennial dinner. Royal Victoria Hotel.
- Southport:** "The Pension Provisions of the Finance Act, 1956," by Mr. Gordon A. Hosking, F.I.A., A.T.I.I., F.S.S., F.I.S. Scarisbrick Hotel, at 6 p.m.
- Stockton:** "Executorship Examination Questions," by Mr. L. J. Northcott, F.C.A. Spark's Café, High Street, at 6.30 p.m.
- February 14.—Dublin:** "The Sale of Goods," by Mr. Liam D. McGonagle, B.A. Students' meeting. Presbyterian Association, 16 St. Stephen's Green, at 6.15 p.m.
- Hull:** Film evening. Students' meeting. Church Institute, Albion Street, at 6.15 p.m.
- Liverpool:** "The Pension Provisions of the Finance Act, 1956," by Mr. Gordon A. Hosking, F.I.A., A.T.I.I., F.S.S., F.I.S. Incorporated Accountants' Hall, at 5.30 p.m.
- Newcastle upon Tyne:** "Trust Accounts," by Mr. L. J. Northcott, F.C.A. Library, 52 Grainger Street, at 6.15 p.m.
- Plymouth:** Demonstration of machine accountancy. City Treasury, Catherine Street, at 6 p.m.
- Swansea:** "Taxation Losses," by Mr. V. S. Hockley, B.COM., C.A., A.A.C.C.A. Students' meeting. Y.M.C.A., The Kingsway, at 5 p.m.
- February 15.—Birmingham:** "Current Economic Issues," by Mr. A. R. Ilersic, M.Sc. (ECON.), B.COM. Law Library, Temple Street, at 6.15 p.m.
- Brighton:** "Taxation—Losses," by Mr. K. S. Carmichael, A.C.A. Students' meeting. The Clarence Hotel, North Street, at 5 p.m.
- Cambridge:** Meeting to be arranged. Shire Hall, at 7.15 p.m.
- Carlisle:** "Executorship Examination Questions," by Mr. L. J. Northcott, F.C.A. County Hotel, at 6.30 p.m.
- Leicester:** "Amalgamations and Reconstructions," by Mr. R. Glynne Williams, F.C.A., F.T.I.I. Students' meeting. Bell Hotel, Humberstone Gate, at 6 p.m.
- Llandudno Junction:** "The Pension Provisions of the Finance Act, 1956," by Mr. Gordon A. Hosking, F.I.A., A.T.I.I., F.S.S., F.I.S. Station Hotel, at 7.30 p.m.
- Manchester:** "Executorship Accounts," by Mr. J. Linahan, A.S.A.A. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.
- February 18.—London:** Mock Creditors' meeting. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.
- February 19.—Stoke-on-Trent:** "Approach to Examinations," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. Town Hall, Hanley, at 6.30 p.m.
- Waterford:** "Apportionment and Intestacies with some notes on recent Estate Duty Legislation," by Mr. Ian Morrison, A.C.A. Students' meeting. Offices of Messrs. W. A. Deevy & Co., Broad Street, at 8 p.m.
- Worcester:** "Profits Tax," by Mr. L. A. Hall, A.C.A., A.S.A.A. Crown Hotel, Broad Street, at 6.30 p.m.
- February 20.—Belfast:** "Capital Allowances," by Mr. A. J. Turner, A.S.A.A., A.T.I.I. Students' meeting. Library, 20 Howard Street, at 7 p.m.
- Norwich:** Visit to Jarrold's Printing Works followed by talk on the costing system by Mr. J. Henderson, A.C.W.A. Entrance to works, Cowgate, at 2.15 p.m.
- Sheffield:** Mock appeal with the Association of Inspectors of Taxes. Grand Hotel, at 5.45 p.m.
- Shrewsbury:** "Taxation Computations," by Mr. L. A. Hall, A.C.A., A.S.A.A. Crown Hotel, at 6.30 p.m.
- February 21.—Bristol:** "Current Taxation Developments," by Mr. J. S. Heaton, F.S.A.A. Royal Hotel, College Green, at 5.30 p.m.
- Grimsby:** "Capital Allowances," by Mr. J. T. Bootyman, A.C.A. Offices of the Chamber of Commerce, 77 Victoria Street, at 7.30 p.m.
- Lincoln:** "Auditing," by Mr. V. S. Hockley, B.COM., C.A. The Great Northern Hotel, at 6.30 p.m.
- London:** "The Functions of Banks," by Mr. K. D. O. Cole. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.
- Oxford:** "Investment in a Limited Company," by Mr. M. P. Moss. Students' meeting. George Restaurant, at 6.30 p.m.
- February 22.—Birmingham:** "The Finance Act, 1956," by Mr. J. S. Heaton, F.S.A.A. Law Library, Temple Street, at 6.15 p.m.
- Leicester:** Dinner, Grand Hotel, at 6.30 p.m.
- Manchester:** "Costing," by Mr. S. C. Roberts, F.C.W.A., M.I.I.A. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.
- Southend-on-Sea:** "Profits Tax," by Mr. J. P. S. Edge-Partington, A.C.A., A.S.A.A. Students' meeting. 33 Victoria Avenue, at 7.30 p.m.
- February 25.—Coventry:** "Auditing—Verification of Assets," by Mr. E. J. Newman, M.A., F.C.A. Rose & Crown Hotel, High Street, at 6.15 p.m.
- Ipswich:** "Income Tax," by Mr. K. S. Carmichael, A.C.A. Lacquer Room, Oriental Café, Westgate Street, at 7 p.m.
- London:** "Current Economics," by Mr. A. R. Ilersic, M.Sc.(ECON.), B.COM. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.
- February 26.—Nottingham:** "Auditing—the Detection of Fraud and Embezzlement," by Mr. W. W. Bigg, F.C.A., F.S.A.A. The Reform Club, Victoria Street, at 6.30 p.m.
- Portsmouth:** "Current Economic Developments," by Mr. A. R. Ilersic, M.Sc.(ECON.), B.COM. Gas Undertaking's Demonstration Room, at 6.30 p.m.
- February 27.—Bradford:** "Income Tax (First and Final Years)," by Mr. V. S. Hockley, B.COM., C.A. Victoria Hotel, at 6.15 p.m.
- March 1.—Birmingham:** "Recent Important Developments in Taxation," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. Law Library, Temple Street, at 6.15 p.m.
- Glasgow:** "General Commercial Knowledge," by Mr. Bertram G. S. James, B.A. Students' meeting. Scottish College of Commerce, Pitt Street, at 6.15 p.m.
- King's Lynn:** Dinner. Town Hall, at 6.30 p.m.
- Leicester:** Quiz. Panel of Inspectors of Taxes and Accountants. Balmoral Room, Bell Hotel, Humberstone Gate, at 6 p.m.
- Manchester:** "Profits Tax," by Mr. C. C. Hunt. Students' meeting. Incorporated Accountants' Hall, 90 Deansgate, at 6 p.m.
- Newcastle upon Tyne:** "Reading a Balance Sheet," by Mr. A. C. Simmonds, F.S.A.A. Library, 52 Grainger Street, at 6.15 p.m.
- Sheffield:** Visit to a manufacturing concern to view a Remington Rand accounting machine installation and to make a tour of the works.
- March 4.—Hull:** Luncheon meeting. New Manchester Hotel, at 12.50 p.m.
- London:** "Standard Costing and Budgetary Control," Part I, by Mr. R. Warwick Dobson, C.A., F.C.W.A. Students' meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.
- March 5.—Bournemouth:** "Death Duties and Apportionments," by Mr. R. Glynne Williams, F.C.A., F.T.I.I. St. Peter's Small Hall, Hinton Road, at 6.30 p.m.
- Leeds:** "Economic Prospects," by Mr. H. G. Hodder, Manager, National Provincial Bank. Great Northern Hotel, at 6.15 p.m.
- March 6.—London:** Taxation Group meeting. Incorporated Accountants' Hall, W.C.2, at 6 p.m.

## Examinations—May, 1957

THE SOCIETY'S EXAMINATIONS will be held on the following dates:

Preliminary:	May 7 and 8.
Intermediate:	May 9 and 10.
Final: Part I	May 7 and 8.
Part II	May 9 and 10.

The centres will be Belfast, Birmingham, Cardiff, Dublin, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle upon Tyne and Southampton.

Completed application forms, together with all the relevant supporting documents and the fee (Final, Part I, £4 4s.; Part II, £4 4s.; Parts I and II together, £7 7s.; Intermediate, £4 4s.; Preliminary, £3 3s.) must reach the Secretary at Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, not later than Wednesday, March 20, 1957.

Candidates are asked to obtain application forms from the Honorary Secretary of their Branch or District Society.

## Personal Notes

Messrs. Cassleton Elliott & Co., of 4 and 6 Throgmorton Avenue, London, E.C.2, announce with regret that in order to curtail his professional commitments, Mr. E. Cassleton Elliott, C.B.E., F.S.A.A., the founder of the firm, retired from the London partnership on December 31, 1956. The

name of the firm remains unchanged. Mr. E. Cassleton Elliott is still available to the firm in a consultative capacity in connection with the affairs of its clients, and he retains certain personal appointments. Mr. Cassleton Elliott is a past-President and a Council member of the Society of Incorporated Accountants.

Mr. George E. Gibbs, F.S.A.A., J.P., chairman of the Gower Rural District Council, has been appointed a member of the advisory committee for administration of the Lord Mayor of London's National Hungarian Relief Fund. Mr. Gibbs is President of the Swansea and South-West Wales District Society of Incorporated Accountants.

Messrs. Tranmer, Raine & Jarratt, Incorporated Accountants, Hull, announce that Mr. A. L. Whitteron, A.S.A.A., who has been associated with them for over twenty years, has been admitted into partnership. The firm name is unchanged.

Mr. Peter A. T. Campbell, A.S.A.A., has been appointed assistant accountant to the Performing Right Society Ltd., London, W.1.

Messrs. Pulbrook, Wright & Underwood have taken into partnership at Salisbury, Southern Rhodesia, Mr. A. S. D. Fairbairn, C.A., Mr. D. S. Morley, A.S.A.A., C.A.(S.A.), Mr. H. Popplestone, A.S.A.A., and Mr. E. R. Bradford, A.S.A.A. The firm name is unchanged. The office is being moved to Sarum House, Manica Road, Salisbury, S.R.

Mr. J. W. Hignett, Incorporated Accountant, has commenced to practise at 48 Staveley Road, Chiswick, London, W.4.

Mr. M. S. Blundell, A.S.A.A., has been appointed secretary to Knapp, Drewett & Sons Ltd., Kingston-on-Thames.

Messrs. Wackrill & Anderson, Johannesburg, announce that Mr. H. J. Poultney, C.A.(S.A.), has been admitted as a member of the firm.

Messrs. Bendall & Findlay, Chartered Accountants, London, E.C.1, have admitted to partnership Mr. J. W. Schollar, A.C.A., A.S.A.A.

Mr. K. N. Henley, A.S.A.A., has taken up the position of secretary of James Barwell (South Africa) Ltd., Alberton, South Africa.

Messrs. Whitmarsh, Kitchen & Co. and Messrs. Balme, Kitchen & Pearce have merged their practices at Truro. The new firm will practise under the style of Balme, Kitchen & Pearce at 25 Lemon Street, Truro. Mr. A. F. L. Kitchen will continue his practice at Helston under the style of Kitchen & Brown, Incorporated Accountants.

Messrs. Dickinson, Keighley & Co., Bradford, have taken into partnership Mr. George Goodall, A.S.A.A.

Mr. A. A. Coxon, F.S.A.A., and Mr. J. D. Beck, F.S.A.A., hitherto practising at Walsall under the style of Coxon & Co., Incorporated Accountants, announce that Mr. Coxon has retired from the partnership on his appointment as chief accountant to Harry H. Payne, Ltd., Birmingham. The practice

of Messrs. Coxon & Co. is being continued at the same address by the firm of Major & Co., Birmingham, in which Mr. J. D. Beck is a partner.

Mr. R. J. Eveleigh, A.S.A.A., has acquired the Brighton branch practice of Messrs. W. B. Keen & Co., Chartered Accountants. He is practising under the style of R. J. Eveleigh & Co., Incorporated Accountants, at 22/23 Prince Albert Street, Brighton, 1.

Messrs. Lucien J. Brown & Notley, Incorporated Accountants, Newport, Mon., announce the admission to partnership of Mr. John Notley, A.S.A.A., son of the senior partner. He has been associated with the firm for a number of years.

Messrs. Turquand, Youngs & Co. announce the admission to partnership in London of Mr. J. P. C. Richardson, F.C.A., who has been with them for many years and has been since 1950 a partner in the Iberian firm.

Messrs. Chas. O. Nicholson & Co., Incorporated Accountants, Sunderland, announce that Mr. F. R. Clarke, A.S.A.A., who has been their managing clerk for a number of years, has been admitted into partnership. The name of the firm is unchanged.

Mr. A. C. Watson, A.S.A.A., is now secretary/accountant to William Oddy & Co. Ltd., Huddersfield.

## Removals

Mr. Thomas L. Wardrop, Incorporated Accountant, has changed his office address to 6 Beresford Terrace, Ayr.

Messrs. M. Britz & Co., Incorporated Accountants, announce that their address is now 1 Dunraven Street, Park Lane, London, W.1.

Mr. Arthur J. Goldberg, Incorporated Accountant, has transferred his office to 5 Windsor Place, Cardiff.

Messrs. W. P. Brightman & Co., Incorporated Accountants, have removed to 33 King Street, Manchester, 2.

Mr. Clarence Snowden, Incorporated Accountant, announces that he has removed his office to Lillie's Chambers, 39 Albion Street, Leeds, 1.

## Obituary

### Harry Woodhouse Garland

THE INCORPORATED ACCOUNTANTS' District Society of Northern Ireland has suffered a severe loss in the death on December 23 of its Vice-President, Mr. H. W. Garland, F.S.A.A., Belfast.

Mr. Garland qualified as an Incorporated Accountant in 1929. After many years with Messrs. Rawlinson, Allen & White, and

later with Messrs. Stewart Blacker Quin, Knox & Co., he established the firm of H. W. Garland & Co. after the war period. He became a member of the committee of the Northern Ireland District Society in 1950, and in 1954 was elected Vice-President.

### William Augustus Mumford

WE RECORD WITH regret that Mr. W. A. Mumford, F.S.A.A., died on November 28, at the age of 50.

Mr. Mumford was articled to the late Mr. Osman Woodward Davies, F.S.A.A., and became a member of the Society in 1928. He practised in partnership with the late Mr. E. T. Brown, F.S.A.A., at Wolverhampton till 1932, when he joined his former principal in founding the firm of O. W. Davies, Mumford & Co., at Kidderminster. The style of the firm was later changed to Mumford, Haywood & Crumpton, Incorporated Accountants, and at the time of his death Mr. Mumford was the senior partner.

He was Honorary Auditor of the Incorporated Accountants' Birmingham and District Society, and had held that office for many years. He was also a director of a number of companies in the Midlands.

## Accountancy

### BINDING OF VOLUME 67

The index to Volume 67 (January—December, 1956) was enclosed with the January issue of ACCOUNTANCY.

A grey binding case with white lettering is obtainable from Simson Shand Ltd. They will bind subscribers' copies at a charge of £1 7s. 6d., or supply the binding case only at 10s., post free. Orders should be sent direct to Simson Shand Ltd., 12/14 Parliament Square, Hertford, Herts., accompanied by the appropriate remittance, the twelve monthly parts and the index. If the monthly parts are posted separately from the order and remittance, a note of the name and address of the sender should be enclosed.

Any missing parts should be obtained from the offices of ACCOUNTANCY at Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, and included in the parcel sent to the binders. As the cases are of a standard size, complete sets only can be bound.

Cases are available for earlier years and orders for cases or for binding can be accepted for any year at the same charges.

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### The Incorporated Accountants' Benevolent Fund



This fund is maintained by donations and voluntary subscriptions and is devoted to the relief of persons who are or have been members of the Society of Incorporated Accountants and the widows and orphans and dependants of deceased members. A large proportion of the grants are devoted to the care and education of children.

The Trustees earnestly appeal for support for the Fund, either by way of donations or by covenanted subscriptions for seven years.

Hon. Secretary: I. A. F. Craig, O.B.E.,  
Incorporated Accountants' Hall,  
Temple Place, Victoria Embankment,  
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## **CITY OF NOTTINGHAM** INVESTMENT IN CORPORATION LOANS

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## Classified Advertisements

**Two shillings and sixpence per line (average seven words). Minimum ten shillings. Box numbers one shilling extra.**  
**Replies to Box Number & advertisements should be addressed Box No. . . . . , c/o ACCOUNTANCY, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2, unless otherwise stated. It is requested that the Box Number be also placed at the bottom left-hand corner of the envelope.**

### APPOINTMENTS VACANT

**THE SOCIETY'S APPOINTMENTS REGISTER**  
**Employers who have vacancies for Incorporated Accountants on their staffs and also members seeking new appointments are invited to make use of the facilities provided by the Society's Appointments Register. No fees are payable. All enquiries should be addressed to the Appointments Officer, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, London, W.C.2. Tel. Temple Bar 8822.**

**AUSTRALIA—UNIVERSITY OF TASMANIA**  
 The University invites applications for the following position: LECTURER (Grade II) IN ACCOUNTANCY. Applicants for this post should be university graduates who are members of, or qualified to become members of, a professional association of accountants and who have had some experience in the practice of accounting.

The salary scale is: Lecturer Grade II, £1,250-£1,400 p.a., with annual increments of £50. Appointment will be offered at a commencing salary commensurate with the qualifications and experience of the person to whom an offer is made. An allowance is made towards travelling expenses. Further particulars and information as to the method of application may be obtained from the Secretary, ASSOCIATION OF UNIVERSITIES OF THE BRITISH COMMONWEALTH, 36 Gordon Square, London, W.C.1.

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*Edited by Professor F. Sewell Bray and Leo T. Little*



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